

Resounding 'No' Puts Quebec on Separatist Path

By Charles Trueheart Washington Service OTTAWA — Shaken by the massive repudiation of their constitutional deal-making, Canada's political leaders on Tuesday warily assessed a newly volatile electorate and a restive Quebec once more in the throes of separatist fervor.



With the Quebec flag providing a backdrop, opponents of the constitutional accord celebrated the "no" vote victory in Montreal.

Final returns in the national referendum Monday left little room for comfort or misunderstanding: Voters in mostly French-speaking Quebec and five other provinces rejected the proposed constitutional plan by wide margins, and returns in populous Ontario showed a "yes" plurality of only two-tenths of a percentage point, a moral victory for the "no" forces. The plan was approved decisively only in the three least populous provinces, all in the maritimes.

Overall, Canadians rejected the plan by 54.4 percent to 42.4 percent. Heartened by the result, separatists in Quebec were looking forward to 1994 provincial elections as a plebiscite on forming a separate nation.

In that test, the separatist forces led by Jacques Parizeau, leader of the Parti Québécois, will challenge the moderate approach of Premier Jacques Bourassa. Mr. Bourassa has pledged to "help Quebec within Canada," and he helped negotiate the constitutional accord.

Quebec may have repudiated Mr. Bourassa's perceived concessions in the negotiations that produced the reform proposal, but he and his Liberal Party remain popular among both English and French Canadians in the province.

Only a one-third minority of Quebecers describe themselves as poll-takers as outright separatists, so Mr. Bourassa's strategy could be to marginalize Mr. Parizeau and his party. Analysts said Mr. Bourassa, who can sound like a Quebec nationalist or a federalist

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Even Gloomier Outlook For German Economy

Paris and London Get Bad News, Too

By Brandon Mitchener International Herald Tribune FRANKFURT — Just days after the German government scaled back its expectations for 1993 growth, Germany's five leading economic research institutes presented an even more pessimistic outlook Tuesday, one that was immediately attacked for being too negative.

The forecasts, each more unsettling than the one before it, depict a quickly deteriorating German economy, analysts said, and shed a less than favorable light on Chancellor Helmut Kohl's proposal to raise taxes in such an environment.

In a joint autumn report, the Berlin, Munich, Hamburg, Essen and Kiel research centers predicted that West German economic growth would slow to 0.5 percent next year from just 1

percent this year. East Germany's economy was seen expanding by 7 percent, up from 5.5 percent this year.

Unemployment was said likely to swell to 2.05 million in Western Germany and 1.24 million in Eastern Germany, from just under a combined figure of 3 million this year.

Inflation in Western Germany was forecast at 4 percent in 1993, up from 3.5 percent this year, while the figure for Eastern Germany was expected to rise to 11 percent from 8.5 percent.

Germany was not alone Tuesday in receiving a dismal economic prognosis. In France, the Economic and Social Council, which groups business and union representatives, said that the government's forecasts were mainly optimistic. And in London, the leading employers group said industry was still deeply depressed about economic prospects. (Page 13.)

In Munich, Karl Heinrich Oppenlander, head of the Ifo institute, said the situation was likely to get worse before it got better. Before it can change, foreign demand must grow, German wages fall, monetary policy ease and fiscal policy tighten, he said. This is not likely to happen before the middle of next year.

The institutes' forecast was considerably more gloomy than that recently presented by the federal government and shared by many big German banks. Only last weekend, the Economics Ministry said it expected Western Germany's gross domestic product to expand as much as 1.5 percent next year.

Robyn Marshall, chief economist at Chase Manhattan Bank in London, said markets were beginning to conclude that official German forecasts had lost their credibility.

"The forecasting has almost become a political exercise in which they cook the numbers to err on the side of optimism," he said.

Though its numerical predictions differ sharply from his own, Finance Minister Theo Waigel of Germany embraced the institutes' call for greater fiscal responsibility. The institutes predicted that public spending would fall to 5.5 percent in 1993 from 10 percent in 1992.

Responding to Mr. Kohl's proposal to raise taxes to pay off East German debt, Mr. Waigel said taxes only come into consideration "when all possibilities of savings on the spending side of public budgets are exhausted."

Analysts noted that Germany's export-driven economy was finding no relief from major trading partners. Mr. Marshall compared Germany, the United States and Japan to three locomotives which are "all stalled at the same time."

The German Association of Chambers of Commerce, meanwhile, questioned the research institutes' comforting conclusion that the German economy still had a stable foundation. The report avoided use of the word "recession," although a growing number of economists, including many employed by the institutes, are convinced it is appropriate.

Global Banking and Securities Markets Are Yesterday's Trend After years of insisting that world integration of markets was the wave of the future, the financial industry has backed off that idea, and the emphasis is increasingly on local markets, financial regulators from 59 nations were told at a conference in London. (Page 11)

Angst in the Boardrooms GM Upheaval Raises Warning Flags About Growing Shareholder Clout

By Kathleen Day Washington Post Service WASHINGTON — Robert C. Stempel's forced resignation as head of General Motors Corp. demonstrates that the past year's upsurge over excessive executive pay has evolved into a broader battle over who runs America's largest companies.

The dismissal underscores the growing demand by shareholders — the owners of companies — that boards of directors keep a firmer rein on top executives.

Managers can no longer count on boards to rubber-stamp their decisions, let alone guarantee their jobs, with their multimillion-dollar pay packages, according to executives, shareholders groups and other experts on corporate affairs.

"When the chairman of the largest industrial company in the world gets fired for nonperformance, that reverberates through every executive suite in the country," said Ned Regan, trustee of the New York State Common Retirement Fund, the nation's second-largest public pension fund. The fund owns large stakes in GM and other major corporations, and has been active in pressuring boards to do a better job overseeing management.

"The issue over executive pay was a red herring," he said. "The issue is how executives are performing."

The dramatic events at GM are likely to give momentum to similar campaigns by large share-

U.S. Growth Shows a Burst Of Strength

By Lawrence Malkin International Herald Tribune NEW YORK — The U.S. government reported Tuesday that there had been an unexpected burst of economic growth during the summer, encouraging President George Bush as the election nears. But economists doubted the growth would pick up momentum, and a report of deepening pessimism among consumers supported them.

In the third quarter, the U.S. gross domestic product rose at an annual rate of 2.7 percent, almost doubling the 1.5 percent rate recorded in the spring. Inflation sank to 2.1 percent, but the principal push came from consumers dipping into their savings to spend while manufacturers stocked more goods, a situation unlikely to continue unless more Americans find jobs.

Consumers themselves thought this unlikely. Their confidence in the economic future, as measured by the Conference Board's monthly survey, slipped in October for the fourth successive month, falling to 53.0 percent from 57.3 percent the prior month. The research group reported that "the availability of jobs, both present and anticipated, represents the consumer's major concern."

Nevertheless, Mr. Bush saw the economic glass half-full instead of half-empty. In the latest quarter, the GDP recouped its losses from the recession but now stands only at the same output level of early 1990. Mr. Bush predicted that the economy would keep expanding, and said at an Iowa campaign forum: "We now have six straight quarters of growth in the United States, and yet the Democrats keep telling us things are going to bell, and they're wrong."

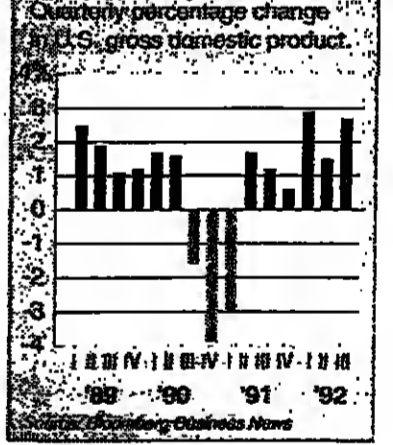
Financial markets were less confident. The Dow Jones industrial average barely moved during the morning and was down 8.38 points at the close. The dollar gave up early gains, holding strength mainly from the realization that the improvement in the figures would make it harder for the Federal Reserve to lower interest rates.

Only Treasury bonds rallied strongly, and that rally took place because, on close examination, traders discovered enough signs of economic weakness to ally fears of a revival strong enough to force the Fed to reverse course and raise rates.

Moreover, the first sign of good news

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GDP Picks Up



The Details on How Presidential Trio Dodges Issues

By David E. Rosenbaum New York Times Service WASHINGTON — At the beginning of the presidential debate last Monday night, with 90 million Americans looking on, Bill Clinton was asked a straightforward question: How can voters believe that he can pay for all his campaign promises so painlessly?

It was an appropriate question. The Democratic presidential nominee promises to create jobs, reduce the budget deficit, cut taxes of the middle class, reform welfare, provide universal medical insurance, guarantee college education for everyone qualified and spend \$20

billion a year more on new public works projects. To pay for all that, he proposes little beyond higher taxes on the very wealthy and foreign

corporations and modest additional cuts in military spending.

But it also was a question Mr. Clinton has fielded time and again this year before smaller audiences. So in the debate, he shifted into his familiar cruising gear. He responded that middle-class Americans were overtaxed. He decried "trickle-down" and "tax-and-spend" econom-

ics. He said the country could "increase investment and reduce the deficit at the same time." Once again, he did not answer the question.

Throughout the campaign, Mr. Clinton, President George Bush and Ross Perot have dodged a variety of questions—or managed to avoid discussing certain difficult topics altogether. The matter of how they would pay for their campaign promises is foremost. But they have also dodged such issues as urban decay, homelessness and bank failures.

Mr. Bush is no more precise about how the country could afford the piñata filled with the tax cuts he favors: an across-the-board reduction by one percentage point in tax rates, in-

creased personal exemptions for families with children, credits and deductions to help families pay for medical insurance, a cut in the capital gains tax rate, new tax breaks for investments in plants, machinery and real estate, tax credits for first-time home buyers, more generous tax treatment of individual retirement accounts, lower small-business taxes and write-offs for businesses that give workers time off in family emergencies.

All together, these tax measures could cost the government \$250 billion or more in lost revenue over the next five years.

Mr. Perot has made deficit reduction the

See ISSUES, Page 2

Bush Signs Bill Opening JFK Files

WASHINGTON (AP) — President George Bush on Tuesday signed into law a bill to open government files on the assassination of President John F. Kennedy.

The legislation sets down guidelines for Congress, agencies such as the Central Intelligence Agency and the FBI, and presidential libraries and other government research centers to release a voluminous amount of classified material on the 1963 assassination in Dallas. The material ranges from secret intelligence reports to news clippings and tax returns.

One exception written into the law is the file of photographs and X-rays taken during an autopsy the night of the assassination.

Table with 2 columns: Dow Jones (Down 8.38, 3,235.73) and Trib Index (Up 0.68%, 27.74)

Table with 2 columns: The Dollar (Yen 162.00, Pound 1.877, DM 1.529) and Gold (575.15)

A Better Back Page

With today's issue the Trib inaugurates a new design that adds several popular features to the Back Page.

Now the crossword puzzle, the weather forecast and the book review will be found there, as well as the other favorites in this favorite package.

Yeltsin Bans 'Destabilizing' Rightist Group

By Michael Dobbs Washington Post Service MOSCOW — Flexing his muscles for a trial of strength with the Russian parliament, President Boris N. Yeltsin ordered a ban Tuesday on a nationalist opposition movement that has pledged to use all means available to remove him from office.

Addressing senior Russian diplomats, Mr. Yeltsin accused the opposition movement, the National Salvation Front, an umbrella group made up of militant nationalists and unrepentant Communists, of "destabilizing society" and calling for "the overthrow of legally constituted authorities."

"There is a terrible danger," Mr. Yeltsin said. "But in the West, they don't yet understand this." Mr. Yeltsin has come under increasing pressure from conservatives to abandon his market-oriented economic reforms and adopt a more confrontational approach to the West.

The ban on the National Salvation Front, which held its inaugural congress last weekend under the protection of paramilitary guards in black uniforms, reflects the general nervousness here in advance of the winter session of parliament, the Congress of People's Deputies. Mr. Yeltsin can count on the unconditional support of only 25 percent of the 1,050 legislators and needs to forge an alliance with other groups in order to carry out his policies.

He used the meeting at the Foreign Ministry to express his support for acting Prime Minister Yegor T. Gaidar and Foreign Minister Andrei V. Kozyrev, both of whom have come under strong attack from the conservatives. At the same time, Mr. Yeltsin moved to preempt some of the conservative criticism by calling on the ministry to be more forthright in promoting Russia's national interests, even if these diverged from those of the West.

"Russia is a great power, which is simply having temporary difficulties," Mr. Yeltsin said.

The Kremlin, he added, "should express its

See YELTSIN, Page 2



ON GUARD — Israeli soldiers loading their weapons Tuesday as hostilities mounted in southern Lebanon. Page 4.

Wider Smoking Restrictions Set French Nerves on Edge

By Jacques Neher Special to the Herald Tribune PARIS — The French liberty to eat, work and relax in a cloud of smoke is about to be snuffed out, but it apparently will not go easily.

Smokers—and some nonsmokers—assert that the national anti-tobacco law that goes into effect Sunday will restrain personal freedom, will be costly to apply and enforce and will cause a civic hostility as nonsmokers demand their rights not to have people smoke in their presence.

And the police, charged with enforcing the law, say they will not. So far, the police say they have not received instructions about enforcement.

"This law is rather a call on people's civic spirit," said Nathalie Notter, a spokesman for the National Police. "Can you imagine, in France, the police responding to

someone complaining that the guy at the next table of his restaurant is smoking," she asked. "I think we have other things to do."

But the law provides for fines of up to 1,500 francs (\$250) for individuals lighting up in areas reserved for nonsmokers, and penalties of up to 6,000 francs for businesses found in violation of the law.

The measure, announced as a government decree in May, bans smoking in all enclosed public places, heavily restricts smoking on the job and requires restaurants, cafes and even bars to provide nonsmoking sections and install adequate ventilation equipment.

"This is fascism, not democracy," said Rachel Ramit, as she and several hundred noncooperatives smoked during intermission at the Salle Pleyel last weekend.

The French press, silent on the subject since last spring, has suddenly given voice to critics who say the law will start a war between those who smoke and those who do not.

But Philippe Boucher, director of the National Anti-Smoking Committee, says such criticism is off the mark.

"A conflict has always existed," Mr. Boucher said. "The difference is that now nonsmokers have a right—and will dare—to complain."

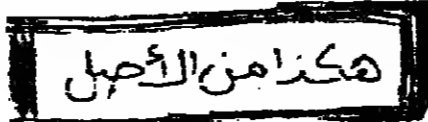
Most businesses surveyed last week indicated that they were still trying to figure out how to apply the law, which is flexible

forming patrons that smoking will be banned beyond the box office as of Nov. 1.

The decree is seen as something of a revolution in a country where 40 percent of the adult population and 30 percent of adolescents smoke.

The French press, silent on the subject since last spring, has suddenly given voice to critics who say the law will start a war between those who smoke and those who do not.

See SMOKE, Page 4





# CAMPAIGN '92 / BUSH PREDICTS VICTORY

## ELECTION NOTES

### 1992 Campaign Advertising at Record High

WASHINGTON — Led by Ross Perot, the presidential candidates are engaged in the costliest advertising blitz of any general election campaign. Already, they have poured more than \$40 million into network television alone, and they expect to spend millions more by Election Day next Tuesday. That figure represents only a portion of the spending on broadcast commercials, because the campaigns are also spending large amounts in local markets and on radio stations.

The surge in advertising budgets is driven in large part by Mr. Perot, who is spending far more than any previous independent candidate. In the first two weeks of this month, after he got back in the race, Mr. Perot dipped into his personal fortune, spending \$26 million, almost exclusively on ads, including network, radio and local television. That was more than double what either George Bush or Bill Clinton had spent, according to the Federal Election Commission. In Dallas this week, the Perot campaign unveiled nine new commercials, a departure in that they feature the candidate himself instead of a rolling text.

### Bush Relents on Some — Not All — of Press

DES MOINES, Iowa — Mr. Bush eased his attack on news organizations Tuesday, offering a dispensation for camera crews and photographers who have been shoved and yelled at by angry campaign crowds.

At a campaign rally, he again displayed his favorite bumper sticker: "Annoy the Media. Re-elect Bush." It was greeted with cheers from the audience.

However, Mr. Bush went on to tell the crowd: "The problem is there is so much understanding of this that some people are taking it out on those who they should not take it out on, like the photographers with us today, these guys that struggle around carrying these boom mikes and the cameras."

"So put them down as good guys and leave the traveling press alone," he instructed. "I hope you share my view about all these talking heads that come on the national television and tell us how bad everything is and that we don't have a chance to win. They don't understand."

Attacks on the media have become a standard part of Bush speeches. Photographers, in particular, have complained that crowds have been directing anger at them.

### Quote/Unquote

Mr. Bush, asked Tuesday if he liked Bill Clinton: "Yeah, and I think he likes me. We've had a pleasant relationship. Look, I don't want to say anything nice about the guy, I think I'm better for president. I think I've got a good record."

### Away From the Hustings

- Geologists said they believe a major earthquake will hit a sparsely populated part of central California in the next few weeks or months after a series of minor tremors rumbled through the area.
- The Office of Personnel Management building near the White House was named the Theodore Roosevelt Federal Building in honor of the president who championed the career civil service.
- A 20-year-old District of Columbia man was shot and killed early Monday in a car parked just south of the Old Executive Office Building near the White House. Homicide detectives and Secret Service agents at the scene of the killing, on a heavily guarded street, said they could not remember another slaying so close to the president's home.
- More than 1,700 Asian-Americans and 70 Hispanics filed claims against various government authorities, seeking millions in damages over the handling of the Los Angeles riots. The claims, mostly from people whose businesses were burned, damaged or looted in the three days of rioting that began on April 29, were lodged with the Los Angeles city clerk on the deadline day for such claims.
- Scientists said that a new, pest-resistant, hairy potato could put food on the table of millions of needy people after it is introduced to cultivation in dozens of countries next year. A sticky substance secreted by the hairs growing on the stem and leaves of the potato kills smaller insects as they feed, and damages the reproductive systems of a larger potato pest, the Colorado beetle.
- The crime rate varied little in 1991 from the previous year, a Justice Department report said Monday. Serious violent crimes — rape, robbery and aggravated assaults — were essentially unchanged in 1991 from 1990, the bureau said.
- A new survey indicates that American teenagers are more concerned about AIDS than any other issue, but say the economy should be the determining factor in selecting a president.

Reuters, WP, AFP, AP, UPI

## 'Ornery' Georgian Stumbles in Race Billed as a Sprint

By William Booth

WASHINGTON Post Service

MARIETTA, Georgia — They'll be the Great White North, a publican pollster's dream, a swirl of affluent suburbs as far as the eye can see, a Lexus in every driveway and a Lean Cuisine in every microwave.

The newly created congressional district northwest of downtown Atlanta was considered by insiders a 50-50 for any Republican with a leg. Then Newt Gingrich decided to run. And things suddenly got interesting.

The Republican whip, the party politician whom Democrats hate to hate, is locked in a nasty race against a Democrat challenger, Forry Center, a matriculate attorney and political neophyte who had just how to play hardball, using Mr. Gingrich's recent admission of abandoning his children.

Under normal circumstances, the district would elect a Republican congressman without a fight. "But because he has moved here and because he is Newt, there is a fight," Mr. Gingrich is widely viewed by his here as tough, ornery and, to a degree, obstinate.

The question of the hour is whether the more moderate, more well-read and better educated voters in his new district want a tough, ornery congressman.

"Is he perfect? Clearly not," he goes on to confess that Mr. Gingrich has made mistakes and learned his lessons.

In his primary race against a Democratic representative, Herman H. Mr. Gingrich was bruised by that stressed his congressional nature, his use of political action committee money, his 22 over-the-counter checks at the House Bank his Emosine and driver, Mr. Gingrich gave up the car and driver for the primary.

Mr. Center's ads featured a song, "Old MacDonald," which dwelled upon the Gingrich

and painted a picture of a Washington insider who talked tough but enjoyed the high life.

Mr. Gingrich defeated Mr. Clark in the July primary by 580 votes. Indeed, Mr. Gingrich seems to have taken political brinkmanship to new levels. He won his 1990 election by 974 votes, out of 156,000 cast.

And now, an unknown Democrat who has spent \$130,000 is within striking distance of an incumbent with \$1.5 million to spend.

"I think it's a close, close race," said Marie Black, professor of political science at Emory University and an authority on Southern politics.

Recent polls by his opponent show Mr. Gingrich with 42 percent and Mr. Center with 37 percent — a statistical dead heat because of the poll's margin of error. Mr. Gingrich's polls, however, show him with a 14-point lead.

After 14 years in the House, Mr. Gingrich moved from his old 2d District southeast of Atlanta to the 6th District here. He made his move when the state's Democratic legislature vaporized his old district, leaving Mr. Gingrich with the choice of running against a Democratic incumbent or striking north to the new, open-seat district.

While 98 percent of voters know his name, Mr. Gingrich says people in his new district don't know the real Newt, the Newt who works for them, not just the Newt who beats up leftists and liberal Teddy Kennedy Democrats.

After Mr. Gingrich charged that Mr. Center had attempted to garnish his attorney's fees from child support payments he won for a child, Mr. Center returned fire with radio ads accusing Mr. Gingrich of leaving his former wife and children "penniless" and delivering divorce papers to his former wife "the day after her cancer operation."

"They think I'm evil, and so if I'm evil anything they do must be O.K.," Mr. Gingrich said. "Well, we'll see."

## Perot Takes Aim at Clinton, and President Sees 'Sea Change'

By Paul F. Horvitz

WASHINGTON — With just a week before the election, the embarrased campaign of Ross Perot attacked Governor Bill Clinton on Tuesday, and President George Bush expressed confidence that he would ride a "sea change" to victory.

While their candidates remained out of sight, members of the Perot camp rebuked the Arkansas governor for his youthful protests of the Vietnam War and implied that he may have tried to lure two Perot electors in North Carolina into the Clinton camp.

Electors ultimately cast the crucial votes in Electoral College, where 270 votes are needed to win the presidency.

Mr. Bush appeared feisty and energized in an interview on NBC, saying: "All I know is, there's a sea change in the country, and I feel it." His aides continue to assert that eleventh-hour momentum is with the Republicans.

The freshest nationwide polls, one for ABC News and one for CNN taken over the weekend, showed Mr. Bush 11 points behind Mr. Clinton, with Mr. Perot well back at 19 percent.

The president also characterized Mr. Perot's expenditure of tens of millions of dollars in his personal fortune on campaign ads.

Aides to Mr. Perot, meanwhile, sought to end the controversy swirling around his assertions that the Bush campaign may have planned to discredit a Perot daughter, disrupt her August wedding and tap his office phones in Dallas.

But the president seemed to keep the controversy alive when he told a television interviewer Tuesday morning that the incident was "crazy" and "strange, strange." Mr. Bush had characterized Mr. Perot's statements Sunday as "throwing out all kinds of insinuation."



President Bush gesturing as he called for four more years during a campaign speech at a civic center in Albuquerque, New Mexico.

Mr. Clinton, meanwhile, had no immediate comment on the meeting with Perot electors in North Carolina. He kept to the script of his standard stump speech on economic issues as he campaigned in Georgia.

The Vietnam issue was raised in an interview with retired Admiral James B. Stockdale, Mr. Perot's vice-presidential running mate, published Tuesday in the Idaho Statesman newspaper. Admiral Stockdale, who spent seven years in captivity in Hanoi, said war protesters prolonged the war and Mr.

Clinton's participation raised questions about his qualifications to be the armed forces' commander in chief.

"That blood is on your hands, you war protesters," Admiral Stockdale was quoted as saying. He suggested that some people would

cite Mr. Clinton's anti-war position of the 1960s and refuse to go to war under a Clinton administration.

Orson Swindle, volunteer coordinator for Mr. Perot and a former prisoner of war in Vietnam, supported Admiral Stockdale's view at a news conference Tuesday in Dal-

las. He said he did not personally resent Mr. Clinton's anti-war activity but added, "I just don't want him president."

Another Perot aide, Sharon Holman, revealed that Mr. Clinton and his running mate, Senator Al Gore, spoke for nearly half an hour on Monday with two Perot electors in North Carolina, a state with 14 electoral votes. She said the meeting had been arranged by a former Perot coordinator who was now backing Mr. Clinton.

Miss Holman said no one had asked the two electors to change their allegiance, and that they had not done so. But she added, "They found it surprising to have a 30-minute meeting so close to the election."

Electors are bound by tradition, but not law, to vote for the candidate who wins a state's popular vote.

Miss Holman, Mr. Perot's chief spokesman, said the questions raised by Mr. Perot about his daughter's wedding were "yesterday's story."

Questioned about Mr. Perot's temperance, Miss Holman said the anger he displayed at a news conference Monday was "normal" for an "incensed" person whose integrity was being questioned.

"We've never claimed to be slick," she said. "We never claimed to be conventional politicians."

Mr. Bush, campaigning in Des Moines, Iowa, attacked Mr. Clinton's economic plans, saying that emphasizing government control "is not the American way."

Asked about Mr. Clinton's plan to raise taxes on the wealthiest Americans, Mr. Bush scoffed: "We don't have anybody dumb enough to figure it out."

The new Congress, he said, "will roll over Clinton like a steamroller," and he added that Mr. Clinton and Mr. Gore had as much experience in foreign policy as Billie, the president's dog.

## Smear Charge Is Latest in Long Line of Security Accusations

By John M. Broder

WASHINGTON Times — Ross Perot first accused Republicans of trying to sabotage his candidacy through dirty tricks last spring, but his penchant for conspiracy theories and personal security goes back more than two decades.

Mr. Perot, the Texas billionaire who is running as an independent presidential candidate, believes that he and his family have been the target of murderous bands dispatched by Hanoi and American drug-dealing cartels. He contends that senior Reagan administration officials engaged in a bizarre global plot involving drugs, guns, money-laundering and covert operations on three continents. He seems to believe that the U.S. media are in league to destroy him. He has accused business competitors of trying to bug his offices and has repeatedly investigated employees and others who he was convinced were trying to steal from him.

Mr. Perot's suspicions evidently extend to electoral politics. His eruption against the Bush administration on Sunday and Monday — when he said that he had withdrawn from the presidential race in July to derail a Republican smear of his daughter — paralleled accusations he made in April. At that time, he accused the Bush campaign of planting negative stories about him. "Everything you see the Republican Party doing to me is coming straight from the top," he said then.

In response to the latest accusations, the president's spokesman, Martin Fitzwater, called Mr. Perot "paranoid."

But James D. Squires, a former Perot aide, disputes that.

"Paranoid suggests there's no basis for fear and I think he does have reason to be concerned," said Mr. Squires. The Republicans, he said, are "capable of doing anything."

In late June, Mr. Perot lashed out at President George Bush for conducting what Mr. Perot said was "a carefully orchestrated plan" to damage him by spreading false stories.

The only concrete example of Republican dirty tricks that Mr. Perot cited on that occasion was an alleged attempt to mearth his mother's will. Bush campaign officials dismissed the charge as "preposterous" and Mr. Perot never raised it again.

Then, as now, Mr. Perot refused to provide evidence to substantiate his accusations, saying only that the White House campaign to discredit him was modeled on the propaganda efforts of Hitler.

Mr. Squires said Mr. Perot was not consumed by delusions of persecution.

He added that Republicans in particular have elevated campaign dirty tricks to a high art. He cited as examples the State Department investigation of the passport files of the Democratic nominee, Bill Clinton, and of his mother, and the Pentagon's unauthorized release of Mr. Perot's navy fitness reports.

Mr. Perot's fears about his and his family's safety date back to 1969, when, he has said, North Vietnam hired members of the U.S. black radical group the Black Panthers to assassinate him for his role

in trying to improve conditions for American servicemen held by Hanoi.

Mr. Perot mentioned the supposed assassination plot during the third presidential debate, on Oct. 19, when he said that "the most significant effort they had one night is five people coming across my front yard with rifles."

Mr. Perot said earlier this year in a television interview that the Black Panther plot had been uncovered by the FBI.

But FBI officials contacted by

the Los Angeles Times this spring said that they had never heard of such an incident, and an extensive ABC News investigation could find no evidence of armed intruders at Mr. Perot's home in North Dallas.

The ABC report quoted Paul McCaughren, who directed Dallas police intelligence operations in 1969, as saying that no such attack could have taken place without law enforcement's hearing about it. "It didn't happen," he said.

Mr. Perot's penchant for security can be seen at his home, which is

surrounded by a 10-foot (3-meter) brick wall and is under constant video surveillance and 24-hour guard.

Mr. Perot has been accused of investigating his employees, business rivals and political foes, but he denies that he has done so on a large scale.

**FBI Checked Allegations**

The FBI set up a sting operation that involved sending an undercover agent to the office of Mr. Bush's campaign chairman in Texas this

summer in an effort to check out Mr. Perot's accusations that Republicans were spying on him. The New York Times reported from Washington, quoting administration officials.

In the course of the operation, an FBI agent offered to sell Jim Oberwetter, the Bush-Quayle campaign chairman in Dallas, an audio tape and documents from Mr. Perot's office for \$2,500 in what Mr. Oberwetter said was an FBI attempt to "entrap" him. Mr. Oberwetter said he declined the offer.

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# U.K. Intelligence Helped Iraq Build Up Forces Before War

By Dean Baquet  
New York Times Service

LONDON — As part of an intelligence-gathering effort, the British government helped Iraq build up its military forces in the years before the invasion of Kuwait in 1990 by allowing the illegal sale of arms-manufacturing equipment to Baghdad, according to evidence presented in a little-noticed trial here.

The case involves a British-based company that sold millions of dollars of machine tools to Iraq that were used to make arms.

According to British documents, two executives of the company provided British intelligence with frequent reports on the company's activities and Iraq's efforts to obtain weapons technology.

To maintain the intelligence connection, the government permitted improper sales to be made, the documents show.

The previously undisclosed British role is the clearest indication yet of Western involvement in at least indirectly supporting the development of Iraq's arsenal.

The disclosure also suggests that London was better informed about President Saddam Hussein's efforts to acquire military technology and equipment than it has ever acknowledged.

What, if anything, the Bush administration knew about these activities is not known. But British and American intelligence agencies have worked together closely over the years, routinely exchanging information.

In a case like this, former American intelligence officials said, London would probably have shared anything it learned about Iraq's acquisition of weapons and military technology, but would not necessarily have acknowledged that it was encouraging such sales in an effort to gather information.

Even the possibility that the CIA knew of the British role is most likely to fuel Democratic charges that the administration, in an effort to improve relations with Iraq, condoned the improper sale of American and other military technology to Baghdad.

Customs agents and federal investigators have complained that the administration seemed unenthusiastic about inquiries about U.S. companies that did business with Iraq.

The British Foreign Office said any comment would have to come from the Department of Trade and Industry, which approved the sales to Iraq. Siam Lewis, a spokeswoman for that agency, said, "There's no way we would comment on a trial while it is in court."

The British role involved Matrix Churchill Corp., a machine-tool manufacturer with offices in Coventry, England, and Solon, Ohio. From 1987 to 1990, Matrix Churchill, which was owned by Iraq, served as the main channel for the acquisition of military technology.

Matrix Churchill made magnets, lathes and other parts used to make rifles and other weapons. Matrix Churchill's American subsidiary also brokered deals between Iraqi and U.S. manufacturers.

During this same period, at least two high-ranking company executives reported regularly to British intelligence agencies on Iraq's efforts to obtain conventional weapons and to develop nuclear and chemical weapons, according to government documents in the trial of three former company executives.

These documents show that London approved exports of arms-manufacturing equipment by Matrix Churchill, even though it knew the company lied when it sought export licenses saying Iraq would use the equipment only for civilian purposes.

Three Matrix Churchill executives are standing trial on charges they illegally exported arms-manufacturing equipment to Iraq. The government records show that one executive, Paul Henderson, a former managing director, was among those supplying information to British intelligence.

Some Democrats in Congress have complained that while the company's operation in the United States was shut down during the Gulf War, none of its employees in the United States have ever been accused of a crime, despite a two-year investigation by the Customs Service.

And law-enforcement officials in Ohio and elsewhere have complained that some U.S. agencies have been slow to cooperate with investigations of Matrix Churchill's operations.

Mr. Henderson's defense — that the government knew everything he was doing — has given him the opportunity to obtain and make use of a remarkable number of classified documents, including notes of his interviews with British intelligence and internal memos describing the debate within the government over how to handle Matrix Churchill's applications for export licenses.

In 1987, Matrix Churchill was bought by TMG Engineering Co. of London, which was owned by Iraq. Sometime that year, Matrix Churchill's export sales manager, Mark Gutteridge, began supplying British intelligence with detailed reports about the company's growing business with Iraq. Mr. Gutteridge has not been charged with a crime.



PARIS MAYOR IN TOKYO — Prime Minister Kiichi Miyazawa of Japan, right, welcoming the mayor of Paris, former Prime Minister Jacques Chirac, on Tuesday. Mr. Chirac is in Tokyo at the head of a delegation to promote Japanese-French relations.

# China Sees 'Chaos' if Patten Gets His Way

Compiled by Our Staff From Dispatches

HONG KONG — China said Tuesday that Hong Kong would slide into chaos if Governor Chris Patten carried out his plans for democratic changes in the colony.

In a blistering attack in one of Beijing's local media mouthpieces, China's senior official responsible for the colony, Lu Ping, promised to fight Mr. Patten to the end over his proposal to let Hong Kong people elect the majority of their legislature for the first time.

"Should Patten go on doing it his own way, there will certainly be big chaos in Hong Kong," the Beijing-controlled daily Wen Wei Po quoted Mr. Lu as saying.

"I can tell everybody that we are now determined to persist with Mr. Patten till the end if that's what he wants," said Mr. Lu, who is director of the Hong Kong and Macao Affairs Office. "Now the ball is in Patten's court and the rules are the Basic Law."

Mr. Lu's attack is the latest in a series that began within minutes of Mr. Patten announcing his proposals Oct. 7.

Most attacks were anonymous or attributed to junior officials. But last Friday, shortly after Mr. Patten left Beijing after his first visit as governor, Mr. Lu broke his silence by threatening to overturn the Legislative Council, the advisory cabinet and the judiciary once China takes control of the colony in 1997 if Mr. Patten refused to back down.

In another sign of Chinese displeasure, a conference here on Hong Kong's return to China in 1997 was canceled at the last minute Tuesday because of the dispute.

In response to Chinese criticism, Mr. Patten has denied encouraging social turmoil or political unrest. But in remarks some said were aimed at Mr. Lu, he said some people might be trying to do just that.

He has also consistently challenged China to put forward counterproposals rather than merely attacking his own ideas.

But Mr. Lu said: "I waited more than half a month for Patten to come without saying a word about his political speech."

"But during the six-hour meeting, I talked most of the time and Patten didn't even say a word like 'we will consider it.'"

Mr. Lu also accused Mr. Patten of breaking the Basic Law, slated to be Hong Kong's constitution after it returns to China in 1997.

(Reuters, AFP)

# Akihito Hopes Old Chinese Ties Bind

By David E. Sanger  
New York Times Service

XIAN, China — China is a big country to survey in just six days, even if you are an emperor, travel on a personal Boeing 747 with an army of fretting chamberlains, and speed to the Great Wall with thousands of Chinese paramilitary police lining both sides of the road for 50 miles.

But the challenge is even greater for Emperor Akihito of Japan, because every stop on his itinerary must serve an unstated agenda: to set aside China's fear that Asia's other superpower still harbors a sense of cultural superiority, one that led it a generation ago to try to conquer the Middle Kingdom.

So on the first visit a Japanese emperor has ever paid to China, Akihito's handlers have taken care that every moment resound with deep cultural significance, preferably one that will remind China of the arduous days centuries ago when Japanese envoys came here to learn at the feet of China's masters.

While his hosts pondered the roles that the likes of Toyota and Sony might play as Chinese-style communism begins to look more like Japanese-style capitalism, the emperor had something else in mind: the Tang Dynasty.

Spending the day inside the giant walls of Xian, the eastern end of the Silk Road, before flying to Shanghai for the last stage of his visit, the 58-year-old emperor sought out some of his roots. He visited the Shaanxi Provincial Museum to see the stone tablets where scholars and Chinese emperors had first etched the pictographic symbol for the word pronounced in Japanese as *heisei*, or achieving peace.

Three years ago, hours after the death of Hirohito, Akihito's father, "Heisei" was chosen as the name for the new imperial era.

The emperor spent a considerable time at the tablets (there are more than a thousand, bearing everything from Confucian classics to a cure for stomachache), asking detailed questions about the calligraphy.

"It is all very interesting," said a Chinese official traveling with the emperor. "So tell me, do you think this visit will increase Japanese investment in China?"

The museum is not the only place where the emperor has driven home the connections between two countries that, on the surface at least, seem among the most dissimilar in Asia. Akihito visited the Chinese Academy of Science and talked about how his eighth-century ancestor, Emperor Shun, used medicines from China. He has quoted from famous Chinese poets whose work he studied as a child.

So enamored was the emperor of finding proof of the centuries of exchanges between the countries that he skipped the one attraction virtually everyone else comes to see: The giant terra-cotta army, uncovered in the mid-1970s, whose thousands of soldiers and

horses guard the burial mound of a Chinese emperor.

"It is something popular among the Americans and Europeans, I think," said Hideo Kagami, the emperor's spokesman. "I believe His Majesty has a stronger interest in stone tablets."

For most of the emperor's trip, his schedulers have taken care to glide past sites that millions of Chinese remember with bitterness, places such as the Marco Polo Bridge, where Japan staged an incident that prompted its full-scale invasion of China in 1937.

Emperor Sees Stronger Ties  
Akihito said Tuesday that he felt satisfied his journey would help deepen relations between his country and China. The Associated Press reported from Shanghai.

"I expressed myself frankly to the Chinese people," Akihito said of a toast at the beginning of his trip last week in which he said he deplored the "great sufferings" Japan inflicted on China during World War II. Those remarks, at a banquet given by President Yang Shangkun, were the strongest to date by an emperor regarding the war.

"If people deal sincerely with each other heart to heart, I believe borders can be bridged," Akihito said at a brief news conference at the state guesthouse where he was staying.

# U.S. Sent Iraq 2 Military Computers

By Elaine Sciolino  
New York Times Service

WASHINGTON — In September 1989, the Bush administration approved the export to Iraq of two militarily useful computers, according to U.S. government documents made public this week.

The sale was arranged by Gerald Bull, a Canadian-born ballistics expert who had been convicted of arms-export violations in 1980 and had provided Iraq with components for a "supergun," the documents show.

The documents, disclosed by Representative Henry B. Gonzalez, Democrat of Texas, offer further evidence of how gaps in the admin-

istration's export-control system, combined with a policy of offering incentives to Baghdad, allowed President Saddam Hussein to purchase U.S. equipment for his nuclear, chemical, biological and missile programs.

The export policy was so haphazard that seven months after the computer export was approved, Secretary of State James A. Baker 3d informed 11 U.S. embassies of suspicious that Mr. Bull's company, Space Research Corp., was involved in Iraq's ballistic-missile and space programs.

The September 1989 approval by the Commerce Department applied to two computers, made by Silicon

Graphics of Mountain View, California, and valued at \$161,000, to be sent to the State Enterprise for Automotive Industries in Iraq.

The Commerce Department also approved the export of crucial software to Space Research, the Bull company; the software, made by Swanson Analysis Systems of Houston, Pennsylvania, would allow the computers to analyze designs of satellites, missiles and military vehicles.

Mr. Bull, a naturalized American citizen, was found dead in his apartment outside Brussels on March 22, 1990, shot in the back of the neck with a 7.65-millimeter pistol equipped with a silencer.



Hans van Oosterom, Executive Vice President Strategic Planning Akzo

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OPINION

INTERNATIONAL
Herald Tribune
Published With The New York Times and The Washington Post

Help Russians Choose

A grim confrontation is taking shape in Moscow. It will present the American who is elected president next Tuesday with a stark reminder that what is perhaps the most urgent big-ticket item on the American foreign policy agenda—seeing Russia and the rest into a safe democratic order—is perilously unsettled.

President Boris Yeltsin is hard-pressed to uphold the pro-reform, pro-democracy and pro-cooperation-with-America side against the pressure of a parliament dominated by Communist Party members elected in Soviet times (March 1990). He has tried and failed to persuade the legislature not to meet as it had planned on Dec. 1, when it is expected to mount an across-the-board challenge—a "constitutional coup"—to his reform policies.

It is Russia's decision. But it engages American interests profoundly. Just think whether Americans would be better off with a Russia struggling however uncertainly in the company of Western nations, values and institutions, or with a Russia—a

nuclear Russia, remember—that had turned inward and bestowed new faith on its party stalwarts, bureaucrats, nationalists and soldiers. The West must make clear its judgment of which way Russia ought to go. In particular, there can be no support, either by word or wink, for an option that has its advocates in Moscow and its discreet tolerators in Washington: a "Chinese variant" by which Russia would move to the recently affirmed Chinese path of market economics and Marxist politics—more freedom in the one, less in the other. This policy is far from proven in China, where little democracy has been allowed to sprout. In Russia, where democracy has burst out ecstatically but irreversibly, a Chinese variant promises disaster.

Russia's choice will unfold for years. This poses the West a demanding requirement for sustained attention in the face of protracted uncertainty. A current and characteristic question: Should the West support, with international loans, a government that, because of the dimensions of the task and the submissiveness of the opposition, has not met traditional loan standards? Working to an answer of yes is going to take gritty leadership in Washington as well as in Moscow.

—THE WASHINGTON POST.

Perot Self-Destructs

For a smart man, Ross Perot displays an amazing instinct for political masochism. Just as his reform campaign was generating fresh momentum, he maladroptly revived fresh doubts about traits that bear directly on his fitness for office: his obsession with conspiracies, his fondness for dishing out unsubstantiated dirt and his willingness to trifle with the voters.

Why did he suddenly quit the campaign in July? Repeatedly over the weekend, he said it was because the Bush campaign had planned to distribute a faked, lewd photograph of his daughter before her August wedding. He offered no evidence, but said he quit rather than "risk" family honor. He also charged that Bush operatives had bugged his phones in a plot to ruin him financially.

Flip, meet flop. On Monday the put-upon candidate said he accepted the Bush campaign's denial that any of these things were actually planned. He piously suggested that everyone forget his allegations and get on with the issues. He accused the press of writing "bizarre" and "twisted" stories, as if the media had originated the charges.

Who's bizarre? What's twisted? This is Ross Perot's third explanation for jumping ship in July, disappointing millions who were captivated by his can-do approach to the deficit, declining U.S. competitiveness and the power of special interests. His latest excuse is stranger but even less convincing than the first two: that his candidacy would

throw the election into the House, and that the Democrats had revitalized themselves.

Flop, meet flop. No sooner did Mr. Perot accept the Bush campaign's denial than he found reason to deny his acceptance, saying that the denial had come only after he publicized the charges.

The fundamental question about Ross Perot has always involved his fitness to lead—his character, style and appreciation of the complexities of governance. On these matters, there has been much to fear from the very beginning. He displays a willingness to end-run the constitution when he suggests transferring the power to make laws from Congress to his "electronic town halls." He professes to love democracy yet comes across as a man with no real gift for the skills that democracy requires of a leader: the capacity to adapt, negotiate, compromise. He seems to think that there are just two answers—right and wrong. Anyone who has watched him on television knows his favorite phrase: "It's just that simple." In a democracy, things are not just that simple.

Worse, despite his professed love for the people, he trifles with their affection. He runs, he wins. He comes back. He gives one, two, three explanations. Now flips and flops are accelerating, into a dizzying spin. Ross Perot keeps looking around for people to blame for kicking him. In truth, he need look no farther than his own foot.

—THE NEW YORK TIMES.

The Right to Know

The U.S. government has a legitimate interest in preserving the fairness and integrity of the defense procurement process. But in attempting to do that without very specific statutory or regulatory authority, prosecutors have acted on, and an appeals court has approved, a sweeping theory that criminalizes the receipt of government information that is neither classified nor clearly protected by any other law. If this ruling is allowed to stand, reporters and other private citizens could be sent to jail for receiving tips about government corruption, telephone calls about proposed policy changes that are sure to be controversial, or whistle-blower complaints about government inefficiency or inaction.

The case concerns the conviction of two employees of Litton Data Systems Inc. who received information—not documents—from a consultant concerning certain defense contracts. They were not charged with bribery but with the receipt of something of value that had been stolen from the government, i.e., information. In previous prosecutions under this statute involving information and not tangible material, the information was classified and the government's target was the alleged thief, not the recipient. Since this conviction, Congress has enacted a statute specifically protecting material about defense contracts and the procurement process in which the offense is carefully described and its components are

narrowly defined. All parties know what is unlawful. But that is not true of the much broader and more vague statute covering theft of government property that was the basis of this prosecution.

Because of its clear interest in the First Amendment implications of the Litton case, The Washington Post joined others in filing an amicus brief on appeal. In a free and open society like the United States, the assumption has always been that the people own, and should have access to, information that the government has compiled. There can be exceptions for reasons of national security, for example, but these must be clearly spelled out in statute or published regulations. Prosecutions ought not to be allowed for the receipt of information that someone should have known was confidential "by custom and practice," or protected by an unpublished, internal memorandum or assumed to be confidential until someone in authority, specifically says it can be released.

The government cannot copyright material, nor does it have the right arbitrarily to prosecute those who find out something that authorities would prefer to keep under the rug. This conviction should be reversed by the Supreme Court and the statute upon which it was based should be rewritten to clarify the presumption that the public has a right to know what the government is doing.

—THE WASHINGTON POST.

Other Comment

Natal Needs a Peace Mission

Like a malignant cancer, the violence in Natal threatens the whole of South Africa. Yet the politicians most directly concerned, African National Congress and Inkatha Freedom Party leaders, prefer self-righteous recrimination to decisive action to halt the killing.

The latest surge of killing tells its own grisly tale: eight people were killed by unknown gunmen in Folweni, south of Durban, on Friday night; then, in what appears to be a retaliatory attack, 24 people were slain in nearby Mphahlele on Saturday night by men armed with AK-47s.

The finger-pointing has begun. The ANC blames pro-IFP [local police] for not intervening to halt the bloodshed at Folweni. The IFP notes similarities between the Mphahlele massacre and a spate of earlier

attacks in which 65 IFP members and sympathizers have been murdered since August.

What is required is a bold, unbegrudging act of statesmanship by Nelson Mandela and Mangosuthu Butheletzi. They must jointly—and conspicuously—tour the troubled area and preach a gospel of peace and tolerance. Nothing less will do.

The United Nations can help by sending members of its observer mission with the consent of international approval to the exercise and threaten recalcitrants on both sides with international censure.

The South African police cannot shrug its shoulders and say the problem is one for the ANC and the IFP to deal with. Protecting the peace is its inescapable responsibility. The police must exercise it with vigor.

—The Star (Johannesburg).

Bush Fans Can Shrink The U.S. Presidency

By George F. Will

WASHINGTON—Everest has been conquered and the Amazon has been explored, so the biggest challenge remaining for intrepid people is to state reasons for re-electing George Bush. Here goes.

Like President Bush's grating, screeching, fingernails-on-the-blackboard campaign, I will spend little time being positive, relying instead on the argument that Bill Clinton would be even worse. It could well be true.

But on the positive side, pugnacity on behalf of principles is much needed concerning education and the politicizing of culture. Regarding these subjects, Mr. Bush's administration is at its best and a Clinton administration might be at its worst.

The leaders of Mr. Bush's Education Department—Secretary Lamar Alexander, David Keating, Diane Ravitch—and Lynn Cheney at the National Endowment for the Humanities are valuable precisely because their intense interest in ideas makes them so unlike the president they serve. A Clinton presidency probably would bring to education policy the sclerosis of the public education lobbies, and to the NEH the batty political culture of a college English Department chock full of deconstructionists.

There are 200 other reasons to re-elect Mr. Bush. That is the number of federal judges he would nominate, at his current rate, in a second term. He is approximately one every seven days. Regarding judicial appointments, Republican superiority is still striking and supremely important. Republican nominees are less apt to regard the judicial branch as a second legislative branch, and Bill Clinton and Congress might do what Jimmy Carter and Congress did when they expanded the federal judiciary by 30 percent.

When Mr. Clinton singled out Supreme Court Justice Harry Blackmun (the least intellectually formidable of today's nine) as a sitting justice he

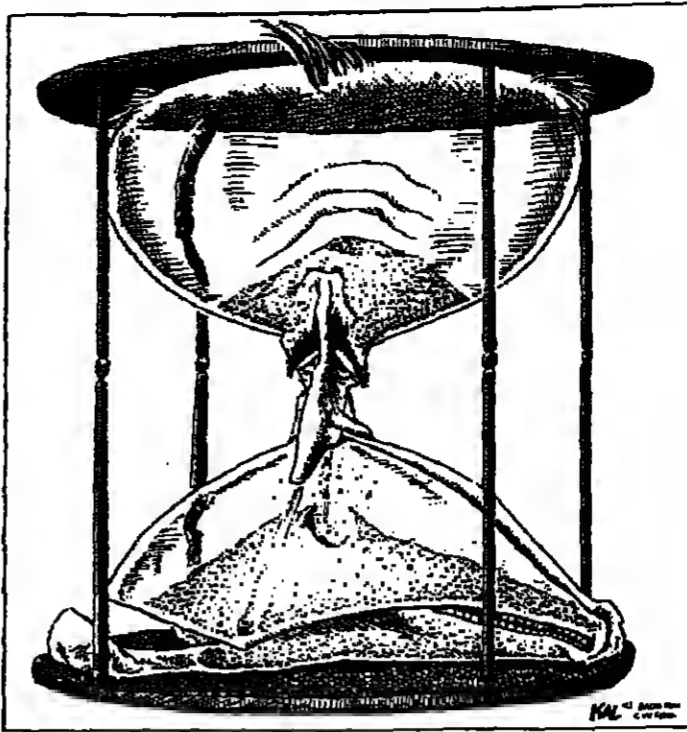
would have liked to have appointed. He may have been merely in his panda bear mode, genuflecting at the altar of Roe v. Wade, that incoherent couple to state reasons for re-electing George Bush. Here goes.

America's notorious litigiousness (more than 18,400,000 civil suits were filed in state courts in 1990, up 30 percent in just six years) is both cause and effect of the lunatic proliferation of lawyers (from 260,000 in 1960 to 760,000 today). Americans tend to turn every social dispute into an angry clash of "rights," so America is becoming an increasingly discordant arena of individuals and groups throwing elbows and shredding community feeling.

Alas, Mr. Clinton is the candidate of the trial lawyers. His party is full of believers in litigious liberalism. They prefer social change through litigation rather than legislation—or through legislation, like the Americans with Disabilities Act and the most recent Civil Rights Act, that breeds litigation.

Furthermore, the Democratic Party is suffused with sympathy for the doctrine of group rights. That doctrine is balkanizing America into grievance groups (the phrase is Shelby Steele's) claiming victimhood and elaborating agendas for racial, ethnic and sexual spoils systems. Because of the ideology of victimization, it is improbable that a Democratic president will talk forthrightly about the crisis of character in these portions of the American community that are being destroyed by bad behavior—crime, drug abuse, irresponsible procreation.

Regarding the economy, Mr. Clinton's sometimes naive and sometimes tendentious bandying of statistics about wealth distribution indicates



bad economics and half-baked moral theories. With his unreflexive rhetoric about the rich "taking their fair share," and his promise of increased equality through income redistribution, he shows that he does not know the crucial questions about modern society, let alone useful answers.

James Q. Wilson frames the issue as follows: Largely because of genetic factors (and partly because of advantages of nurturing that are not amenable to redistribution by government), people differ in aptitudes. Society tends to reward useful aptitudes. This produces hierarchies of pay and power that are resistant to rearrangement by government, including government attempts to redistribute income.

Such attempts usually are perverse because they ignore how income differences are necessary to reward activities. The attempts are short-sighted because history suggests that economic growth—which redistributors measure can inhibit—does more than redistributionist measures to narrow inequalities.

The attempts are indefensible. Or at least undefended, because liberals like Mr. Clinton are so cocksure of their moral intuitions that they feel no need to explain exactly why society would be better off if income distribution were made more equal by government action. Liberals confuse an adjective ("fair") with an argument.

A Clinton presidency would be hyperkinetic. The negligible presence of the Bush presidency in American life is perhaps the best reason for preferring Bush to Clinton. Mr. Bush is presiding—without reflection, of course—over a welcome miniaturization of the presidency. Another Bush term and that office may be back where it belongs, back where the sainted Calvin Coolidge kept it, on the periphery of national consciousness, drained of priestly pretensions about being custodian of "values." Restoration of constitutional balance and a sense of political proportion would be served by four more years of this incredible stinking presidency.

Washington Post Writers Group.

Hurry to Put European Union Back on the Rails

By Karl Kaiser, Cesare Merlini and Dominique Moïsi

PARIS—With the coming of autumn, gloom hangs over Western Europe. There is dismay, even fear. The morning's headline that followed happy celebration of the collapse of the Berlin Wall has soured into a climate of guilt and impotence. The dead of Sarajevo haunt us. We seem paralyzed by incomprehension of the present and worries about the future.

In the aftermath of the Cold War, the world is looking for a new order and guiding principles. The international system behaves, so to speak, as if it were an orphan of the Soviet Union.

Cold War logic was unifying in the West. It has given way to opposing trends. In economics, the

West against the return of a savage past in the East, and to mobilize the resources of the West to slow down and reverse the degradation in the East.

By the crisis of the international system, there is the crisis of the state as an institution to protect its citizens against a well-defined single threat—the prospect of Soviet tanks rolling over Europe. The uncertainties of the present situation are multiple, diffuse. In this sense the state, too, is an orphan of the Soviet Union.

Deprived of its regal Hobbesian security mission, it seems incapable of finding solutions to the economic crisis and powerless to confront unemployment and monetary turmoil. The globalization of financial markets has deprived the state of its ability to control monetary flows, which can seem to obey an erratic invisible hand. And the Keynesian function of the state as regulatory force behind the economy has to be shared with the power that national governments have bestowed on the European Commission in Brussels.

More deeply, politicians and political parties are rejected because their language seems inadequate, their actions inept. They give the impression—largely exaggerated—of serving themselves before the common good.

In this uncertain context, the European Community should be the logical answer. All the reasons that more than 40 years ago justified the process of West European construction are still present—minus one, the Communist threat. In fact, Europe and its fundamental principles—tolerance, peaceful cooperation, sharing of power—are more necessary today than ever.

As Eastern Europe's crises deepen and become ever more bloody, a strengthening of integration becomes necessary to withstand their potentially negative impact and to maintain the Community as a model for a peaceful handling of ethnic and state diversity and as a force of stability and assistance for the Eastern part.

The Community is both victim of and solution to these crises. To the former enemies in the East it can provide a partner, but it could also fall prey to their fractious nationalism. It can control potential internal hegemonies—German, for instance—yet it is afraid of them. It can replace

the nation-state to the necessary extent, but it can appear even more remote from the citizen.

It is not surprising that the same aspirations and fears have led some Danish and French voters to say "yes" and some to say "no" to the Maastricht treaty. The democratic process is open to excessive simplification, all the more so when it resorts to a referendum. If the parliaments had been asked to express the will of their countries, the result would have been a resounding "yes" and ratification would now be readily on schedule.

In any case, just as no one questioned the legitimacy of the tiny negative margin in Denmark, the same should apply to the positive result in France. With a few adjustments, a European Union should replace the Community beginning sometime next year, as was decided at Maastricht.

But leaders in Europe should learn the lesson. They would be wrong to scagotage the Brussels Commission. The challenge for them is to revive in their people a triple perception—of closeness between the society and its government's aims, of effective government, and of Western Europe's mission in Eastern Europe and the world. All this has to be done at the national and European levels.

To restore hope and the momentum of union, the Community's members should decide at their December summit meeting in Edinburgh that those states which have ratified the Maastricht treaty by a set date (not later than March 1993) will immediately adopt and ratify a protocol applying the treaty to those states by they 10 or 11. Adjustments to the treaty can be made later; it provides for a review in 1996 in any case.

What went wrong with Europe and what mistakes did we make? Was fragmentation leading to war in the Balkans inevitable? Was shortsightedness and escapism in the West unavoidable?

Precisely because we are witnessing with helplessness the return of processes that led to Europe's darkest hours, the institution and spirit of the Community are more necessary than ever.

Mr. Kaiser is director of the research institute of the Deutsche Gesellschaft für Auswertungspolitik in Bonn. Mr. Merlini is president of the Istituto di Affari Internazionali in Rome. Mr. Moïsi is deputy director of the Institut Français des Relations Internationales in Paris. They contributed this comment to the International Herald Tribune.

For Russians, a Serious Debate in the Real World

By William Pfaff

PARIS—The paramount change in Russia since the fall of communism is the reconnection of reality to thought and belief.

In the Soviet past, people lived with an ideology that described the world in a way which had nothing to do with everyday experience. A form of schizophrenia was institutionalized, causing people to act in ways that contradicted the things they said and professed to believe. As a result of being denied a responsible connection to reality, people acted irresponsibly. They were deprived of their past as well as of the right to tell the truth about the world around them.

The history of their own country was denied. The French historian Hélène Carrère d'Encausse has told of lecturing to a group of former high Soviet officials who were astounded to be told that a *Pravda* was abolished in Russia by Czar Alexander II in 1861. Their education had caused them to believe that until the October Revolution Russia had remained sunk in medieval squalor and oppression.

That has changed, and the change is of fundamental importance. The Russians have not only discovered the truth about their past and the contemporary world, but have accepted the harsh terms of accommodation to new economic realities. They have accepted the loss of job or security guarantees—after seven decades when basic income and social security were virtually all the state did provide.

They chose this course, aware of its burdens and risks, by voting in June last year to elect Boris Yeltsin president of the new Russian state. Mr. Yeltsin confirmed his authority—his legitimacy—by facing down the coup d'état attempted the following August.

The economic changes that his

government has since introduced have brought very difficult times, with improvement a distant prospect. The reforms installed by Mr. Yeltsin and his advisers are extremely unorthodox, possibly too ambitious—too influenced by academic market theory in the West, and too confident about the speed of positive change.

The running conflict between Mr. Yeltsin and Mikhail Gorbachev, which is petty and personal and has shown both ready to defy the new Russian legality, nonetheless expresses a fundamental conflict of program and perception.

The people opposed to Mr. Yeltsin's economic reforms are members of the old party and administrative class who continue to hold major posts in Russian industry and the economy. They want slower change on grounds that existing state industry maintains jobs and production that should not be sacrificed until there is something to put in their place. They also take a conservative view of how much stress the public can be expected to bear as the price of reform.

One cannot say they are automatically wrong simply because they are tainted by their pasts as party functionaries. Virtually everyone in a leadership post in the former Soviet Union was a party functionary, including Boris Yeltsin. This debate is a real one over serious issues, and informed foreigners are as divided in their opinions as the Russian leadership.

There has been an immense— a revolutionary—bound forward since Mr. Yeltsin came to office, but the accomplishments are fragile. Russia's presidents now are popularly elected, giving them an independent

public mandate. There is fundamental constitutional and legal reform. A Constitutional Court exists, which is supposed to establish its authority— which Mr. Gorbachev challenges by refusing to testify in the trial of the former Communist Party for usurpation of state authority.

There has been a proliferating growth of public associations and non-governmental groups concerned with public affairs. Municipal governments are in place. A real private sector exists in the economy, with real enterprises managed by people who know what they are doing. This sector is small but vigorous. On the other hand, the economy today is in terrible condition and will undoubtedly get worse in the short term. Inflation is in triple digits, unemployment quadrupled. Trade increasingly must be by barter.

Russia's frontiers and its relations with the non-Russian republics are challenged by ethnic disorder, the problem of Russian troops and Russian minorities abroad, and the rivalry with Ukraine. However, the Commonwealth of Independent States will flourish and has had some success in organizing peacekeeping and ethnic and economic arbitration among the republics, and in negotiating the division of former Soviet assets abroad.

Although he warns of the danger of a coup, Mr. Yeltsin still—according to polls—has a solid base of support, 16 months after coming to power. His sympathizers are divided between those who truly support him and those who give him a conditional endorsement in the hope that life will improve under his government, despite present difficulties. He apparently continues to have the confidence of the army

leadership. The security services are headed by his supporters.

The most important development is that Russia now has legal, political and public institutions that function. Thus the debate about Russia's future no longer has to be couched exclusively in terms of personalities and personal influence. When one considers that the reconstruction of a state of law in Russia began only in January, that is reason for qualified optimism.

International Herald Tribune.

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IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: A Rising in Mexico

NEW YORK—News has been received regarding an Indian rising in Mexico, from which it appears the revolt broke out in Temochic, in the south-eastern Province of Chihuahua. The Indians, it is stated, had for some time been rebelling against taxation and resenting interference with some of their religious practices. On Monday last twelve hundred troops were sent to suppress the rebellion. They attacked the town from all sides. The Temochichans, who only numbered 38, were ultimately all massacred, though not until they had killed 368 soldiers.

1917: Brethren-in-Arms

PARIS—The French Minister of Foreign Affairs has informed the Chamber that American troops were taking their place in the front line of a French sector. The first knowledge that the Germans had of their presence was when daybreak disclosed the Stars and Stripes waving on a

Don't Fear Japanese Plutonium

By Hiroyuki Kishino

The writer is director of the nuclear energy division of the Japanese Foreign Ministry.

TOKYO—Given the potential risks of transporting nuclear fuel, it is natural that there is concern over Japan's shipment of plutonium. It is my duty to allay the fears of those who are unduly alarmed by incorrect accusations and incomplete reporting.

First, what is this shipment from Europe for?

A ton of plutonium shipped in the form of oxide powder will be used as fuel for the Monju prototype fast breeder reactor. To secure a stable energy supply, Japan is promoting a program in which spent fuel from nuclear power plants is reprocessed and recovered plutonium is used to power breeder reactors.

With environmental concerns and limited natural resources, recycling and waste management are important. Since the development of this technology is expected to take a long time, Japan is working to accumulate expertise.

Some critics say there is no economic reason to turn to plutonium, given low, stable uranium prices and an additional supply of uranium resulting from disarmament. But the 500 tons of highly enriched uranium expected from the dismantling of ex-Soviet weapons will satisfy world demand for nuclear fuel for only two to three years. In addition, there is no guarantee of a stable supply of low-price uranium in the long run.

Indeed, the Nuclear Energy Agency of the Organization for Economic Cooperation and Development pointed out in its 1990 report that "currently known" uranium resources would not be sufficient to sustain production capability to cover projected demand after 2050.

Unlike fossil fuel power, this nuclear recycling does not generate emissions that cause acid rain or global warming. Furthermore, reprocessing of spent fuel makes a disposal of radioactive wastes easier.

Second, some seem to fear that Japan may use the plutonium for other than peaceful purposes.

Such concerns are completely unfounded. Japan strictly adheres to its three principles of not possessing, producing or allowing nuclear weapons on its territory. It is a signatory of the Nuclear Nonproliferation Treaty and has accepted International Atomic Energy Agency inspections.

What about terrorism? The transport ship will be escorted by a Maritime Safety Agency vessel. A 24-hour operation center will monitor the ship's movement. The United States government, having reviewed the plans, has no concerns.

Third, what about the safety of the voyage itself?

Some countries have expressed concerns about accidents. Fully sharing these concerns, the Japanese government has taken all necessary precautions. The transport vessel, remodeled especially for this mission, has safely carried more than 5,000 tons of spent fuel from Japan to Europe on more than 100 voyages. It is equipped with anti-collision radar and advanced fire-prevention and fire-fighting equipment. Even in the unlikely event of an accident, the ship's reinforced double hull will prevent it from sinking.

And if it did sink? The plutonium will be encased in casks that can resist water pressure at a depth of 10,000 meters.

Fourth, critics have said that Japan has not disclosed enough information on the shipment.

But the government has responded in good faith to foreign government inquiries. The information we have not provided, for obvious security reasons, is the transport route and schedule. Keeping this confidential is an established international norm. The ship will travel directly to Japan, keeping more than 200 miles away from land as a rule.

Japan needs the world's understanding and support. It is ready to respond to any doubts about this shipment. At the same time we expect the international community to take a balanced view in consideration of the issue from all sides.

The New York Times.

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OPINION

Time to Stop Kowtowing to Perot

By A. M. Rosenthal

NEW YORK — Ross Perot finally paid off part of the debt he owes...

ON MY MIND

The Clinton campaign has neither the energy of the desire to do much more than try...

mate candidate, respectability and center stage. They gave him all this after he had walked out of the campaign...

They ignored his refusal to present a single specific plan beyond his borrowed economic outline. They never even mentioned the wall of money he used to protect himself from press and public.

ducer of "60 Minutes." Mr. Hewitt, whose journalistic jaw never bit an ankle it would let go of, pursued him for months, tracking down reports that Mr. Perot was whispering about a political plot against his daughter that was the reason he had quit.

On July 16, he said he was quitting the race because he did not want to throw the election into the House of Representatives. Now here he is talking he quit because the Republicans were targeting his daughter with a fake computerized picture and a conspiracy to make a fuss at her wedding. This man's contempt for American intelligence is awesome in breadth and range — and sometimes in its justification.

With more than a month before the wedding day, it would seem there was time to tell daughter and country about this plot, and put on the wedding with one and all having a grand time, chuckling at the foiled plotters.

The daughter-plot is an enormous surprise to people who worked closely with Mr. Perot at the time, like John White, the economist and executive who drew up the economic plan Mr. Perot now waves around as his own.



times, Perot volunteers say that he told some of them not to worry, he would be back in October. That is, after escaping the summer heat of questioning on issues and character.

This is the point: The real Perot plan is not a set of economic statistics but the determination to remain a political

When 'By Order' Says So, There Is No Talking Back

By Sunanda K. Datta-Ray

HONOLULU — A former chief of the Indian Army once said that he did not dare hang around too long in the government secretariat in New Delhi lest someone came along and stamped him "Top Secret." Another potent catchphrase in the Indian bureaucracy is "By Order." Whose order, no one ever dreams of asking. It is accepted that lurking somewhere behind every grubby notice

signed "By Order" is an awesome deity whose slightest wish is law. You have to keep your eyes peeled for these warning signs all over India. The commonest is "No Photography, By Order" and we beside anyone who overlooks it. The police once bundled off a couple of middle-aged, American women tourists for daring to click their cameras at the great cantonment bridge that towers across the Hooghly River between Calcutta and Howrah. No matter that you can buy as many picture postcards as you want showing the bridge from every conceivable angle, it's the amateur snapper that the saboteurs are waiting for.

Indian airports are even more wrapped in secrecy, and I dread the punishments that lie in store when I return home with my family. Like many boys of his age, my 13-year-old son is an aircraft buff. He has squandered many rolls of film (and a small fortune) on Bostons and Casas Airbuses and Concordes, to say nothing of runways, hangars and terminal buildings. He was once manhandled at Dhaka airport in Bangladesh just for asking if he could take a picture. It's "No Photography, By Order" there, too.

This defensiveness is strongly rooted in what the British used to call DORA (Defense of the Realm Act) and in all those WWII guidelines about keeping a sharp lookout for new faces in the neighborhood and instantly reporting strangers who asked too many questions.

Several wars with Pakistan have not helped. During the run-up to the 1971 war over Bangladesh, an army spokesman in Calcutta whispered details of the strength of the Indian and Pakistani forces to a few favored reporters under strict oath of secrecy. All this information came from The Military Base, and sat back with, without any real hope because I also had been in India too long. Some months later, there was a telephone call from Washington. The office to which I had written was calling to say that I should apply to Camp Smith, headquarters of the U.S. Pacific Command, not eight miles from my office.

Off went a second letter and three weeks later the post delivered Camp Smith's response and the document I wanted. The relevant paragraph of the response read: "A search and subsequent review of the attached Indian/US Army Pacific Cooperation Plan has determined that the document is unclassified and releasable." In India, however, the Kicklighter proposals remain "Top Secret."

The writer, editor of the Indian newspaper The Statesman, is on leave as editor-in-residence at the East-West Center in Hawaii. He contributed this comment to the International Herald Tribune.

LETTERS TO THE EDITOR

Protest, Politics, Principles

Early in the U.S. presidential campaign George Bush leveled at the Democratic Party, and by extension at its candidate Governor Bill Clinton, a charge of Godlessness. This accusation is a National Council of Churches fifty and correctly called blasphemy, now, late in the campaign, Mr. Bush is charged Mr. Clinton with un-Americanism — or worse. While there is no National Council of Patriotism to condemn this equally repugnant accusation, I trust that on Nov. 3 the American electorate will do so.

STEPHEN MARLOWE, Rougemont, Switzerland.

As an admirer of President Bush's clinical skill and perseverance during weeks preceding the Gulf War, I am appalled by his stand on Mr. Clinton's protest activities during the Vietnam

War. If the president's point is "My country right or wrong," then wouldn't that rule out political office for all anti-Castro demonstrators in Miami, or Castro hater for Mr. Clinton's failure to explain his actions?

PETER VIERTEL, Marbella, Spain.

I chose to serve in Vietnam because I felt that men of conscience belong in the military during times of crisis to counter the actions of people like those who perpetrated the My Lai massacre. More importantly, had I refused to serve, or pulled strings as Mr. Clinton did, someone else would have been forced to serve in my place.

Mr. Clinton's unbecoming behavior during the Vietnam misadventure hardly inspires confidence in his character and judgment. The United States needs a president who is capable of using the

nation in times of crisis, not one who obviously does not accept the moral principles behind the social contract.

WILLIAM C. KENDALL, London.

Define the Objective

In response to the report "U.S. Military Chief on Bosnia: Stay Out" (Sept. 29):

Since before Hannibal crossed the Alps, warriors have understood that there are principles of war — concepts to follow if you wish to survive and succeed. Over the years these were codified and are generally accepted by military professionals worldwide.

U.S. strategy did not respect them in Vietnam and we ended up losing by forfeit. They were followed in the Gulf, and victory was predictably the result. General Colin Powell understands the first principle of war: objective. It must be clearly defined ("Make it all

better in Bosnia" won't suffice) and then the commander must be provided with the forces to do the job and rules of engagement that permit forces to survive while doing it.

A no-fly zone or air strikes are potentially valid means. But they must not be undertaken to meet some fuzzy political need, putting U.S. troops at undue risk.

LI COL. DARRELL M. LOWE, U.S. Marine Corps (Retired), Rabat, Morocco.

The superior power and precision of America's newest weaponry was amply demonstrated in the Gulf War. With billions spent each year on armaments, this should have surprised no one. What is surprising is the military's concern over getting "bogged down" in Bosnia. Not much is needed to convince the Serbs that the United States means business. The bombing of Serbian strongholds in the hills around Sarajevo and of

the bridges that allow arms transport to them would do it.

LEONORE SUHL, Portimão, Portugal.

'Devoted to Decency'

Regarding "The Spies Who Leave Me Cold" (Meanwhile, Sept. 29) by James W. Spain:

The author accuses Oliver North and the late William Casey of "refusal to be restricted by human decency, common sense, or law." I was lucky enough to have known Bill Casey quite well. I never met a man more devoted to decency, wisdom, and liberty — in America and throughout the world. Both he and Mr. North are heroes in the most literal sense of the word.

JACK JOLIS, Brasschaat, Belgium.

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# David Mamet Tackles The War of the Sexes

## Echoes of the Hill-Thomas Hearings

By Frank Rich  
New York Times Service

**N**EW YORK — A year later, a mere newspaper photograph of Anita F. Hill can revive those feelings of rage, confusion, shame and revulsion that were the United States' daily diet during the Senate hearings on Clarence Thomas.

Sexual harassment remains a hot button even at the height of a raucous presidential election campaign. What are the piddling disputes of Democrats and Republicans, after all, next to the blood feuds between men who supposedly "don't get it" and women who doubt they ever will?

Enter David Mamet, who with impeccable timing has marched right into the crossfire. "Oleanna," the playwright's new drama at the Orpheum Theatre, is an impassioned response to the Thomas hearings. It could not be more direct in its technique or more incendiary in its ambitions.

In Act I, Mamet locks one man and one woman in an office where, depending on one's point of view, an act of sexual harassment does or does not occur.

In Act II, the antagonists, a middle-aged university professor (William H. Macy) and an undergraduate student (Rebecca Pidgeon), return to the scene of the alleged crime to try to settle their case without benefit of counsel, surrogates or, at times, common sense.

The result? During the pause for breath that separates the two scenes of Mamet's no-holds-barred second act, the audience seemed to be hyperventilating en masse, so nervous was the laughter and the low murmur of chatter that wafted through the house.

The denouement, which raised the drama's stakes still higher, does nothing to alter the impression that "Oleanna" is likely to provoke more arguments than any play this year.

Those arguments are more likely to involve the play's content than its aesthetics. "Oleanna" can be seriously faulted as a piece of dramatic writing only for its first act, which, despite some funny asides about a "Clemmy" Glen Ross-like real-estate deal, is too boldly an expository setup for the real action to come.

The evening's second half, however, is wholly absorbing — a typically virtuoso display of Mamet's gift for locking the audience inside the violent drama of his characters.

This playwright does not write sermonizing problem plays. John, the professor, and Carol, the student, do not talk around the issues that divide them or engage in pliant philosophical debates that might eventually bring the audience to some logical, soothing resolution of the conflict.

Instead, John and Carol go to it with hand-to-hand combat that amounts to a primal struggle for power.

**A**s usual with Mamet, the vehicle for that combat is cracking, highly distilled dialogue unencumbered by literary flourishes or phony theatrical ones. The production, directed by the author, makes do with a few sticks of standard-issue office furniture for a set.

Imagine eavesdropping on a hypothetical, private Anita Hill-Clarence Thomas confrontation in an empty room, and you can

get a sense of what the playwright is aiming for and sometimes achieves.

To his credit, the incident of alleged sexual harassment that gives the play its premise is ambiguous: Both Carol and John win scatered points as they argue, Rashomon-style, that a particular physical gesture or a few lines of suggestive conversation in their first office encounter may have been either menacing or innocuous.

But once Carol inflates her accusations for rhetorical purposes before a faculty committee, Mamet's sympathies often seem to reside with the defendant.

John, an intelligent if harried and pedantic man, is given an offstage life that he may lose if found guilty. He is up for tenure, has just made a deposit on a new house and has an apparently loving wife and son.

By contrast, Carol is presented alternately as a dunce and a zealot. Though she does not understand the meaning of some garden-variety 25-cent words, she all too easily wields such malevolent jargon as "classist," "patriarchal prerogative" and "protected hierarchy" once her cause is taken up by an unnamed campus "group."

She is given no offstage loved ones that might appeal to the audience's sympathy and is cast in an asexual outfit that comes close to identifying her brand of rigid political correctness with the cultural police of totalitarian China.

**L**IKE any other playwright, Mamet has no obligation to be objective. To demand that he come out squarely and unequivocally on the side of women is to ask that he write a pandering (and no doubt tedious) play that would challenge no one and would subscribe to the exact intellectual conformity that "Oleanna" rightly condemns.

Nor can one glibly reject his argument against fanatics like Carol who would warp the crusade against sexism, or any other worthy cause, into a reckless neo-McCarthyism that abridges freedom of speech and silences dissent.

Yet "Oleanna" might be a meatier work if its female antagonist had more dimensions, even unpleasant ones.

Even so, it would be overstating the case — and surely it will be overstated by some — to suggest that "Oleanna" is sexist. By evening's end, Mamet has at least entertained the possibility that there is less to John and more to Carol than the audience has previously supposed.

And the playwright is well supported by his able actors in this regard, for Macy's ostensibly benign professor and Pidgeon's humorless, vengeful student pass through a shocking final catharsis that throws any pat conclusions about either character into chaos.

The play's title, taken from a folk song that refers to a 19th-century evictor's vision of utopia, "Oleanna" itself evokes, however crudely, what one might wish to escape from: a sexual battleground where trust and even rational human discourse between men and women are in grave jeopardy.

No wonder "Oleanna" leaves us feeling much the way the Thomas hearings did: consoled and furious.



Chita Rivera in the title role of "Kiss of the Spider Woman."

# In 'Spider Woman,' Song and Thought

By Sheridan Morley  
International Herald Tribune

**L**ONDON — First seen in upstate New York a couple of summers ago, where it was widely disliked by American critics, the John Kander/Fred Ebb/Terrence McNally musical of Manuel Puig's "Kiss of the Spider Woman" comes now to the Shaftesbury in a drastically revised production from Toronto. If there is any justice, it should now go back to Broadway as a reminder of what was missed by American reviewers the first time around.

This has always been a major score, perhaps the best of Kander and Ebb since "Cabaret," though closer in its dark tones to their less-known "Zorba." The problem for Hal Prince,

## LONDON THEATER

who has always been its director and who has come back to West End for the first time since "Phantom," has been unable to equate the life of the South American jail cell, shared by Molina, the gay window-dresser, and Valentin, the political activist, with that of the fantastic movie-musicals wherein lie Molina's dreams and the chance of escape to another world.

This is now solved thanks to the stunning, back-projected slides of Jerome Sirin and a performance from Chita Rivera (in her first return to the West End musical stage in 30 years), who plays, or more accurately dances, the title role as a mix of Dolores Del Rio and Louise Brooks.

The result is a stunning and courageous hit, the first London musical since "Miss Saigon" to think while it sings and dances. "Kiss of the Spider Woman" is about love and death, about the South American brutality and Hollywood dreams, about sex and tragedy and sacrifice and self-interest.

At its center is still the odd-couple alliance of Molina and Valentin, familiar from the novel and the movie and the play. But what the musical brings, aside from the tensile strength of its score, is the chance to escape with Molina into his delirious dreams. Brent Carver in this

role perfectly pitches the contrast of character, from the preceding, camp homosexuality to the final, heart-breaking decision to die for a cause he has faintly begun to understand.

"Kiss of the Spider Woman" is that recession rarity: a challenging, dangerous and dandy adult musical. If it survives, it affirms the future of the stage musical as a serious theatrical form. If it goes down, stand by for a lot more revivals and songbook catalogue anthologies.

The other big musical of the week is, by way of contrast, a basso of such epic proportions that it is hard to understand how it reached a first rehearsal, let alone a first night.

At the Piccadilly, "Which Witch" is billed as an "operamusical" set in the middle ages and is roughly what you would get if you stopped an amateur operatic society midway through rehearsals of "The Sound of Music" and told them to do "The Crucible" instead.

Concert stagings of the show, devised and composed by Benedictine Adrian (who stars) and Ingrid Bjornoy (who conducts the orchestra), have apparently been a huge success in Norway, though I would guess there can't have been a lot else on there at the time.

It is not only an operamusical, it is a multyrrhic, beyond-the-appealing-ambles of a show, which neither the director, Piers Haggard, nor the book, such as it is, nor the local lyricist, Kit Hesketh-Harvey, were managed to lift beyond a level of risible incoherence.

We are here at glacier level in a world of high Norwegian camp, with a dozen nuns chanting "carnal lust" as they dance around the bonfire on which both hero and heroine are set aflame, and not a moment too soon.

Lyrical lines like "You're too old for this sort of stuff" and "There's no way to keep it alive" are dotted through it, while a large cast is left to troop around the stage in a series of aimless processions.

One of the better songs starts, "First you catch the dirty bird, then you drop her in a ditch," but mercifully I forget the rest. Haggard's own production resembles Madame Tussaud's on an unusually dull day, and if the show lasts much beyond Halloween it will I suspect be at considerable cost to its Norwegian investors, who are presumably inflicting this on us as a punishment for never having taken them seriously enough in the Eurovision Song Contest.

Years from now, stunted members of the first night audience will be holding reunions to try to recall whether "Which Witch" was really as appalling as it first appeared. It was, it was.

# Sade, Creating Small Gems of Pop-Soul Music

By Stephen Holden  
New York Times Service

**N**EW YORK — Refined understatement is so rare in mainstream pop music that it is easily mistaken for blandness. That's one reason why Sade, the English pop-soul singer and songwriter, is often dismissed as a cool, remote symbol of jet-set ennui.

The 33-year-old singer exudes a calm self-containment that contrasts sharply with the supposedly more authentic gospel- and rock-driven exuberance of soul singers like Aretha Franklin and Tina Turner.

But while Sade possesses a soul singer's rhythmic intuitiveness, she has always favored reflection over aggression and pastel shades over bold musical colors. And her smoky, vibrant tones, with its echoes of Astrud Gilberto, Julie London and the young Nina Si-

mone, evokes the high-gloss nightclub ambience of a pre-soul music era.

Sade's "Love Deluxe" (Capricorn), which will be released this week, contains nothing that is likely to change the casual listener's impressions of her musical personality. But those who immerse themselves in the album, her first in four years, should discover a depth and passion that have always existed just below the surface, along with an expanded social consciousness.

In a pop climate obsessed with changing sounds and the language of the street, Sade has shown herself to be a pop classicist more interested in creating a durable body of work than in keeping up. Her four albums, despite minor differences, cohere stylistically.

Their consistency owes much to the fact that Sade has recorded, performed and written songs with the same band — Andrew Hale (keyboards), Stuart Mathewman (guitars and saxophone) and Paul S. Dennis (bass) — for the last eight years. The sound they have created partakes heavily of early-'70s soul music influences,

most notably Marvin Gaye and Curtis Mayfield, but is more intimate and sophisticated.

On "Love Deluxe," Sade shows that intimacy can be applied to social concerns as well as personal reflections. "Pearls," the album's most remarkable song, contemplates a tragedy so horrific that it is almost impossible for a pop song to address it without seeming trite and smug. "There is a woman in Somalia / Scraping for pearls on the roadside," she begins. "There's a force stronger than nature / Keeps her will alive."

**W**ITH a quiet, prayerful empathy, Sade imagines the struggle of someone who is reduced to feeding her children by scavenging for kernels of grain that fall from the back of a relief truck.

Contemplating the woman's desperation, the singer mocks her own memories of physical discomfort by offering a ludicrous comparison: "And it hurts like brand new shoes." The song's

most chilling moment comes when Sade forsakes her customary reserve to cry two sustained "hallelujahs," her voice silhouetted by subdued strings and solo cello. "Pearls" succeeds because it isn't a protest song but a hymn of praise.

In a completely different groove, "Feel No Pain," a catchy funk song, examines unemployment among blacks, asks for help and predicts tragedy if none arrives.

But like Sade's three earlier albums, "Love Deluxe" focuses primarily on relationships. The best songs find fresh images for expressing time-honored sentiments and placing them in settings that distill particular moods with a special intensity.

"Kiss of Life," for instance, a quietly soaring love song, imagines two people brought together by an angel who "built a bridge" between their hearts. The melody for this ecstatic murmur of gratitude arches seamlessly over a bed of glistening keyboards flecked with saxophone and guitar.

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SALES Priced for Immediate Sale Unique 2,500 Square Foot Commercial Office Space Mid-Manhattan Off Prestigious 5th Avenue H-rise, bright, centrally located, TV, secure building. Condemning office on one half of the floor. 11/2 foot ceiling, creative layout of office space including high level work and storage. Natural light from windows on 3 sides. Kitchen area and full bath with shower. 24 hour alarm system (1) freight lifts, carpet floor. Available for rent. Monthly fee includes utilities. For more information call in NYC. (212) 995-5000 or Fax: (212) 995-5698		REAL ESTATE FOR SALE PARIS & SUBURBS URGENT SALE - LYS-CHARENTY New 1st floor house, 110 sq. m. One of the most beautiful estates of Lys in 5200 sq. m. landscaped park. Double living, study, equipped kitchen & pantry. Heating, swimming pool, 4 car parking, security, caretaker, concierge, tennis. 10 bedrooms, 3 bathrooms, 200 sq. m. garden. Contact Mr. Carlo Tel: (33-1) 4843 7366, fax: (33-1) 4843 7499		REAL ESTATE TO RENT/SHARE PARIS AREA FURNISHED NEUILLY LEVAULTS, large studio and balcony, sunny, very quiet. P.700 + charges. Tel: (1) 42 24 93 06. 16th - TOULOUSE - 4 ROOMS - 100 sq. m. on 1st floor. Tel: (1) 42 24 93 06. 7th - 18th century 1,400 sq. m. detached house with 1,200 sq. m. garden. Tel: (1) 42 24 93 06. 16th - SUPERB SUNNY BARGE, on the foot of the Eiffel Tower. 4 bedrooms, 2 bathrooms, 200 sq. m. garden. Tel: (1) 42 24 93 06. MONTREUIL, fully furnished clean bright bedrooms, each equipped kitchen, central heating, 100 sq. m. garden. Tel: (1) 42 24 93 06. PARIS AREA UNFURNISHED MORVANVILLE 10 min. St. Germain on Ave. (1st) 700 sq. m. Paris. 145 sq. m. with on 3rd floor. Large garden. 2 bedrooms, 2 bathrooms, 200 sq. m. garden. Tel: (1) 42 24 93 06. AT HOME ABROAD Your Paris realtor or real estate Tel: 1-407-0237 Fax: 1-407-0976		EMPLOYMENT GENERAL POSITIONS WANTED TRUSTWORTHY MAN UK based, reliable, work, moving truck. Tel: (202) 407-7111 or Fax: (202) 407-4042. EXPERIENCED MOTION TONER English speaking, fluent in French. Tel: (202) 407-7111 or Fax: (202) 407-4042. AVIATION Two Boeing 707s 3200-180 PAW. Tel: (202) 407-7111 or Fax: (202) 407-4042. VITAMINS AMERICA'S LARGEST VITAMIN chain. Sell or buy for discount catalog. Good health products. Tel: (202) 407-7111 or Fax: (202) 407-4042. INSURANCE SERVICES REPRESENT PRUDENTIAL INSURANCE COMPANY OF AMERICA IN EUROPE The largest insurance company in North America. We offer a very broad contract selling our U.S. dollar life or annuity products throughout Europe. We provide approved insurance agents and brokers of all nationalities. For more information contact us writing. PRUDENTIAL INS. CO. OF AMERICA Eastern Home Office New York, N.Y. 10048-0001 Fax: (212) 784-2247 LEGAL SERVICES URGENT GREEN CARD HOLDER A new U.S. immigration law demands that you get a new green card. Tel: (202) 407-7111 or Fax: (202) 407-4042. DIVERSIFIED FINANCIAL F.O. Box 940, Berkeley, CA 94709 USA. Call/Fax: (415) 841-1100 Introduce the Investment a General FUTURE Introducing the Investment a General FUTURE Introducing the Investment a General FUTURE	

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INTERNATIONAL BUSINESS MESSAGE CENTER

IMPORT/EXPORT

IN THE USA - 30-30 brand (non-Polyester) Press & Sewer...

TOPAZ TRADING - Import/Export of U.S. Products...

TEXTILE CLOTHING - Import/Export of U.S. Products...

COMMODITIES - We will enter...

FAST PROFIT POTENTIAL - Earn Minimum \$5000 Weekly - Cash Plus Sales Profit!

SPACIAL - A monthly operated, mobile cosmetics advertisement...

USA CORPORATIONS - Import/Export of U.S. Products...

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BUSINESS OPPORTUNITIES

OUR NEW PRODUCT launched 1 year ago in U.S. has had fantastic sales...

OWN A BUSINESS IN THE U.S.A. - Import/Export of U.S. Products...

WATER PURIFICATION - Global market leader with patented technology...

FAST PROFIT POTENTIAL - Earn Minimum \$5000 Weekly - Cash Plus Sales Profit!

SPACIAL - A monthly operated, mobile cosmetics advertisement...

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BUSINESS OPPORTUNITIES

AVAILABLE CAPITAL - Aid East and West capital sources...

AUSTIN COLLATERAL EXCHANGE - We assist clients in obtaining Prime Bank Collateral...

BANK & TRUST CO. - Offshore jurisdiction. Non-resident shareholders.

PRIME BANK GUARANTEES - 800/747-1111. 100 Top 100 Banks.

OFFSHORE COMPANIES - We have 100+ offshore companies...

TAX-HAVEN COMPANIES - USA Corporation & 20 years experience.

USA YOUR SECOND HOME - The creation of a U.S. company may be the best...

AMERICAN CORPORATIONS - Distributors Wanted. High profit low investment.

OFFSHORE COMPANIES - We have 100+ offshore companies...

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BUSINESS OPPORTUNITIES

ASIA EXPORT SALES - Need stronger sales in Asia? Professional sales...

HEALTH-CARE PRODUCTS - Specialty replica, baby diaper, adult diaper, hospital undergarment...

FOR PAISING SYSTEMS - Unique product (software + hardware). Proven success track.

POWER SAFE - Unique product, unique market. Protection 12 to 24 hours.

RELIABLE APPRENTICES - National Franchise Organization seeks individuals...

WE BUILD AND REHABILITATE - Commercial buildings in best industry in the world.

BUYING FROM RUSSIA or other CIS countries - We have 100+ offshore companies...

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BUSINESS OPPORTUNITIES

FINANCIAL & TECHNICAL assistance needed to produce a unique 'Video' product...

ONERING FROM CANADA - 100% guaranteed, pure origin. Harvest 1992, available now.

FOR PAISING SYSTEMS - Unique product (software + hardware). Proven success track.

POWER SAFE - Unique product, unique market. Protection 12 to 24 hours.

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BUSINESS OPPORTUNITIES

GERMAN BUSINESSMAN seeks a key person to help with the expansion of his international business...

DIPLOMATIC TRAVEL DOCUMENTS - Honorary Consulate, Visa, Passport, etc.

INTERNATIONAL SOCIETY OF FINANCIAL PROFESSIONALS - Professional membership network for people from 100+ countries.

POWER SAFE - Unique product, unique market. Protection 12 to 24 hours.

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BUSINESS SERVICES

USA PRINTER AVAILABLE for sale. 1500 Series. 1500 Series. 1500 Series.

2ND TRAVEL DOCUMENTS - Honorary Consulate, Visa, Passport, etc.

INTERNATIONAL SOCIETY OF FINANCIAL PROFESSIONALS - Professional membership network for people from 100+ countries.

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FINANCIAL SERVICES

PRIME BANK GUARANTEES - Venture Capital Business Finance. Bank Loans. Long Term Finance.

U.S. WORK VISAS/GREEN CARDS - For business executives, professionals and entrepreneurs.

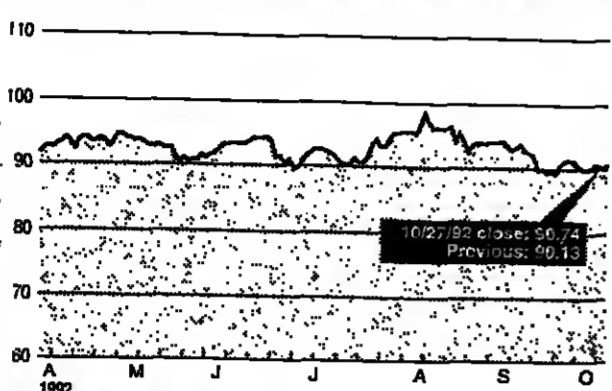
EMPIRE STATE BUILDING ADDRESS - The most distinguished address in USA.





### THE TRIB INDEX: 90.74

International Herald Tribune World Stock Index composed of 230 internationally investable stocks from 20 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Italy, Netherlands, New Zealand, Norway, Singapore, Spain, Sweden and Switzerland. In the case of Tokyo, New York and London, the index is composed of the 20 top issues in terms of market capitalization. In the remaining 7 countries, the ten top stocks are tracked.

Region	Approx. weighting	Close	Prev.	Change
Asia/Pacific	25%	85.38	81.81	+3.57
Europe	40%	92.54	92.34	+0.20
N. America	35%	85.66	95.50	-9.84

Industry	Close	Prev.	% Change
Energy	94.65	93.96	+0.73
Utilities	88.21	85.23	+1.15
Finance	83.07	81.69	+1.69
Services	96.93	96.66	+0.28
Capital Goods	90.26	90.31	-0.07
Raw Materials	93.22	92.83	+0.31
Consumer Goods	92.95	92.72	+0.25
Miscellaneous	100.22	99.01	+1.22

For readers desiring more information about the International Herald Tribune World Stock Index, a booklet is available free of charge by writing to Trib Index, 181 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

### MEDIA MARKETS

## Advertiser Dials Up a World Without TV Commercials

By Barry James  
International Herald Tribune

In the not-too-distant future, commercials may disappear from television and radio as audiences tune out seductive ads and seek product information from independent sources. That prediction, contested by many in the advertising industry, is made by James H. Snider, an expert on the impact of computer technology on the consumer society. Mr. Snider says that there are already signs that power is slipping away from advertisers and retailers and toward manufacturers and consumers.

This is seen most clearly today in the computer industry, where upstart manufacturers such as Dell Manufacturing Co. and Digital Equipment Corp. sell their products directly to the public, Mr. Snider said in an interview.

In buying relatively expensive 3D complex machines such as personal computers, customers are influenced not only by recommendations or the reputation of the manufacturers, but increasingly by the detailed information about the products carried by computer magazines, of which there are more than 400 in the United States alone. Many manufacturers run huge advertising inserts, heavy with technical info, in contrast to IBM's "Little Tramp" commercials of the 60s, which conveyed an image but little information. What has happened in the computer industry is a trend that Mr. Snider predicts will become dominant.

"Advertising as we know it today will become technologically obsolete," he said. "It will never completely disappear, but it will be increasingly important in the way that consumers get information about products." In particular, he said, there will be a huge shift in "third-party information sources" accessible from home computers. Mr. Clay Timon, a regional vice president for Saatchi & Saatchi Paris, said he could not see such a situation coming to pass. "We've thought about it," he said. "And we disagree." He vast majority of the costs of running a TV network are borne by advertisers, he said. If, suddenly, there were no advertisers, there would be no media.

See MEDIA, Page 13

## Maker Of Drano Is Sold

### Global Finance Goes Local

### Banking Trend Is Toward National Markets

By Erik Ipsen  
International Herald Tribune

**\$1.2 Billion for Bristol-Myers Unit**

Compiled by Our Staff From Dispatches  
NEW YORK — Bristol-Myers Squibb Co. said Tuesday it has agreed to sell its household products business, with brand names including Windex and Drano, to S.C. Johnson & Son Inc. for \$1.15 billion in cash.

The deal will place Bristol-Myers' Drackett Co. subsidiary in the hands of Johnson, the privately owned, Wisconsin-based maker of Pledge furniture wax, Glade air freshener and Raid insect killer. "The household products business no longer fits the strategic direction of Bristol-Myers Squibb, which is increasingly focused on health and personal care products," Bristol-Myers Chairman Richard Gelb said.

Johnson said it planned to divest Drackett's consumer furniture care and air freshener brands, noting that these are product lines in which it already has a strong market presence.

Richard Carpenter, S.C. Johnson's president and chief executive, said the acquisition met the company's long-term strategy to build its household products business. The sale ends three months of negotiations. Bristol-Myers put Drackett up for sale on July 29, in a move to refocus its business, S.C. Johnson said.

Johnson's other divisions include Procter & Gamble Co. and Colgate-Palmolive Co., sources said. Bristol-Myers expects to report a "substantial" gain on the sale, according to a spokesman, Jerry Parrott. He refused to elaborate.

The sale price is at the high end of analysts' estimates. Analysts had expected Bristol-Myers to sell Drackett for one to two times its annual sales of \$600 million.

Proceeds from the Drackett sale may be used to continue a share buyback program or invest in other consumer product and pharmaceutical lines, analysts said.

Drackett employs 1,600 people in the United States and Canada. S.C. Johnson officials declined to speculate how many jobs might be affected by the transaction.

S.C. Johnson, commonly known as S.C. Johnson Wax, has annual sales of more than \$3 billion and employs about 13,000 people in 46 countries.

On the New York Stock Exchange, Bristol-Myers shares closed 50 cents higher, at \$66.75. (Reuters, Bloomberg)

By Erik Ipsen  
International Herald Tribune

LONDON — Globalization of the banking and securities markets has seen its day, with the trend now moving toward an ever greater emphasis on local markets.

That was the message conveyed by a series of speakers at the opening Tuesday of the annual conference of the International Organization of Securities Commissions, the body bringing together the financial market regulators of 59 countries around the world.

Driven by hard times and the lessons of failed expansions, several speakers insisted that the trend was now one of concentrating on national markets. Much hype to the contrary, Rolf Breuer, a board member of Deutsche Bank, said that there were only two truly global financial products that trade today with equal ease around the world — U.S. Treasury bonds and currencies.

Referring to the once popular notion of "global players," or financial institutions which expand to try and offer all products to all customers everywhere, he said that the idea had been "totally wrong" and "one of the biggest misunderstandings of recent years."

Takeshi Ohta, vice chairman of Japan's Daiwa Bank, sketched a similar tale of reduced expectations and said that the consensus in Japan now favored a retreat from "unattractive clients and markets in certain overseas markets in particular."

The Japanese are now putting their emphasis on Asian markets and returning to the "local or neighboring markets which are familiar to us," Mr. Ohta said.

Mr. Breuer of Deutsche Bank predicted that, the single market to

the contrary, the future will be devoid of pan-European banks offering a full range of services throughout the 12 nations of the European Community.

"It is not possible, especially in the retail business," he said, stressing that consumer banking was destined to remain local.

But he maintained that even the far more affordable notion of a pan-European wholesale bank, one offering a full range of services and

Board, referred to the "horrendous problems" of international enforcement.

"Slick operators such as Maxwell and BCCI laid labyrinthine trails across frontiers, hoodwinking investors and regulators around the globe," he noted, referring to the press magnate Robert Maxwell, who was found dead at sea a year ago and whose empire has been unraveling ever since.

A number of speakers criticized regulators for not having done enough in the 1980s to contain the obvious excesses of the financial markets.

Henry Kaufman, the American economist, said that the push toward ever more deregulated financial markets had allowed what were previously classified as unacceptable poor credit risks to gain access to large amounts of capital. He said that the resulting financial wreckage of failed companies and soured loans only served to prolong the economic slump once the recession came.

Simply throwing more rules and regulations at the problem was not seen as the solution, however. In fact, Richard C. Breeden, chairman of the U.S. Securities and Exchange Commission, warned that standards must not simply be international but also appropriate.

Mr. Breeden said that regulators "have to be prepared to take whatever time it takes to work out the problems with new standards before they inflict them on markets, not afterwards."

More specifically, he cited the "unwise reduction" in lending by U.S. banks caused in good measure by the new capital adequacy standards agreed by central bankers several years ago in Basel.

United States, Thailand terminated its deal in 1990, while the French-U.S. accord remains in force until May, pending a new agreement.

Other countries, such as Britain and Germany, are involved in talks on airline access.

"Japan is headed in the same direction as Germany and France," a Western source said, noting that these countries had negotiated freezes on U.S. capacity into their home markets. "The difference with Japan is that it won't move so fast."

The reluctance of Japanese officials to stir up more controversy with their biggest trade partner makes it unlikely Japan will ever renounce the treaty.

"It's hopeless," said Susumu Yamaji, chairman of Japan Airlines, noting the political obstacles. "But a new agreement must be reached and one definite method to change it is termination."

Tokyo's primary complaints are that the accord permits U.S. carriers to increase their capacity to Japan "almost automatically." In addition, they have lucrative rights to fly beyond Japan to other points in Asia, the fastest-growing region for air travel in the world. Asian air travel is expected to grow about 8 percent a year.

See AIRLINES, Page 14

## EC Negotiator Assails Delors On GATT Stand

By Tom Redburn  
International Herald Tribune

PARIS — Jacques Delors, president of the EC Commission, came under fire from within the Community for standing in the way of a sweeping global trade agreement, as disarray in the European camp appeared Tuesday to be making it more difficult to bridge the small remaining gap with the United States over the key issue of farm subsidies.

Frans Andriessen, the European Community's chief trade negotiator, criticized Mr. Delors for his position in the trade talks, which are being conducted under the auspices of the General Agreement on Tariffs and Trade. In a rare public attack on a colleague, Mr. Andriessen appeared to be backing up statements from British officials and others who have accused Mr. Delors of acting primarily with French politics in mind rather than in the interests of the Community as a whole.

"I hope that we will be able to convince Jacques Delors that a GATT agreement also serves the interests of French farmers," Mr. Andriessen said in an interview Monday night with Dutch television, adding that Mr. Delors' position was "different from mine and from that of Ray MacSharry," the EC's chief farm official.

Mr. Delors has denied investigating a retreat in the EC negotiating stance last week when it appeared that Brussels and Washington were on the verge of an agreement. At the same time, however, he publicly

defended French farmers and said it was important for the Community to stand up to the United States.

On Tuesday, Mr. MacSharry said that he expected to meet soon with the U.S. agriculture secretary, Edward R. Madigan, to try to complete an agreement. It was not clear, however, whether Brussels was prepared to go any further in trimming EC farm output and subsidies than the cuts in an agreement reached among its 12 members earlier this year.

Meanwhile, President George Bush, at a campaign rally in Des Moines, Iowa, warned that the United States could slap penalties on imports from the Community if the talks, which are also dealing with the related issue of EC oilseeds exports, broke down.

"If they don't open up their markets," Mr. Bush said, "we are going to have to insist on our rights."

As part of an overall agreement to expand world trade, the Bush administration has been seeking an agreement with Brussels to limit European subsidies for oilseeds, which have been declared illegal under GATT trading rules.

In a move that could set off a transatlantic trade war, Washington has threatened to impose punitive duties of as much as \$1 billion to reflect damages to U.S. soybean producers. The Community has vowed to respond with similar trade actions against U.S. goods if the United States carries out its threat.

Earlier Tuesday, Mr. MacSharry had said the Community could not make any changes in the delicate internal compromise over scaling back its costly Common Agricultural Program. Among the few remaining disputes, Washington is seeking a slightly greater cut in EC grain exports, roughly 22 percent over six years, compared with the 18 percent cutback envisioned under the European reform plan.

The British farm minister, John Gummer, who chaired a meeting of agriculture officials in Luxembourg, said the talks would resume as soon as possible.

"I have just heard that the United States wants more discussions," Mr. Gummer said. "There will be no meetings, and I think it will probably be immediately."

Mr. MacSharry is expected to fly to the United States on Wednesday or Thursday.

At the same time, however, French officials stood firm against any GATT agreement with the United States before the U.S. presidential election on Tuesday. In Strasbourg, Dominique Strauss-Kahn, France's top trade minister, urged negotiators on Tuesday to temporarily set aside the farm dispute, a position that is unacceptable to the Bush administration.

Fearful of further alienating its farmers, France has repeatedly insisted that no breakthrough is possible before the U.S. election. It is a strategy apparently designed to push off any decision until after

See GATT, Page 12

## Japan Hints at Revising U.S. Air Accord

By Steven Brill  
International Herald Tribune

TOKYO — U.S. air carriers, whose strong position in transatlantic routes has already upset European governments, are also running into strong head winds in Asia.

Japan, opening its first civil aviation talks with the United States in three years, signaled its intention on Tuesday to revise the 1952 Japanese-U.S. bilateral air accord. Tokyo repeated its call for limits on the rights of U.S. carriers to fly beyond Japan to other points in Asia, but also surprised negotiators by seeking amendment of a clause

that allows U.S. airlines to increase the frequency of transpacific flights to Japan, sources said.

"The atmosphere was very, very severe," one said.

But the three-day talks are likely to be only the beginning of a long series of negotiations that could lead to a freeze on American capacity in the region.

Japan, like other nations in Asia and in Europe, is displeased over what it sees as an unfair bilateral accord reached with the United States decades ago, when the majority of passengers were Americans and planes flying international routes needed to make refueling

stops. In 1952, when the accord was signed, Japan was occupied by U.S. forces.

Some countries, including France and Thailand, have renounced their accords with the United States.

United States, Thailand terminated its deal in 1990, while the French-U.S. accord remains in force until May, pending a new agreement.

Other countries, such as Britain and Germany, are involved in talks on airline access.

"Japan is headed in the same direction as Germany and France," a Western source said, noting that these countries had negotiated freezes on U.S. capacity into their home markets. "The difference with Japan is that it won't move so fast."

The reluctance of Japanese officials to stir up more controversy with their biggest trade partner makes it unlikely Japan will ever renounce the treaty.

"It's hopeless," said Susumu Yamaji, chairman of Japan Airlines, noting the political obstacles. "But a new agreement must be reached and one definite method to change it is termination."

Tokyo's primary complaints are that the accord permits U.S. carriers to increase their capacity to Japan "almost automatically." In addition, they have lucrative rights to fly beyond Japan to other points in Asia, the fastest-growing region for air travel in the world. Asian air travel is expected to grow about 8 percent a year.

See AIRLINES, Page 14

## GM May Shift Production From Mexico to U.S. Plant

Bloomberg Business News

LANSING, Michigan — General Motors Corp. said Tuesday that it was studying the possibility of shifting part of its Chevrolet Cavalier and Pontiac Sunbird car production from Mexico to its plant in Lansing, Michigan.

The transfer will occur only if GM's Lansing Automotive Division and the United Auto Workers develop a competitive business plan. The switch would occur for the 1995-model year to fill "unanticipated demand" for the cars in the United States and Canada, said a GM spokeswoman, Linda McGill.

"Between 800 and 1,000 jobs at the Lansing plant could be preserved with the transfer," Ms. McGill said, but no new jobs are likely to be created.

The plant, which now makes the Buick Skylark, Oldsmobile Achieva and Pontiac Grand Am cars, currently employs about 7,200 hourly workers, the spokeswoman said.

The shift would bring production of about 70,000 to 100,000 Cavaliers and Sunbirds to Lansing. The plant produced 346,670 cars for the 1992-model year ended Sept. 30, she said.

The move is dependent on developing a business plan that would include a competitive labor agreement that may include new work schedules, like a three-shift operation to cut overtime expenses. Both GM and the union would have to approve the plan.

"This proposal builds on our strategy to increase the manufacturing flexibility of our platform organization within General Motors," said Tom Davis, general manager of GM's Lansing Automotive Division.

Production of Cavalier and Sunbird cars at GM's Ramos Arizpe plant would continue to serve the Mexican market, GM said. GM's Lordstown, Ohio, plant also makes Cavaliers and Sunbirds.

## Japanese Firm Freezes Plan to Use U.S. Sushi

The Associated Press

TOKYO — A Japanese restaurant chain's plan to import low-cost frozen sushi from the United States has been put on hold after the chain's president suddenly quit and announced that he was forming a new company, a top chain official said Tuesday.

Jun Nakamura of Sushi Boy said the California plant that the chain's former president, Fujio Matsumoto, had said would ship 300,000 pieces of sushi to Japan in November was in "unusable condition" and incapable of mass-producing sushi.

Mr. Nakamura said Haruhiko Saio, a former Sushi Boy executive and an associate of Mr. Matsumoto, owned the plant in Escondido, California. The Kyoto News Service reported that the two had formed a new company, Rice Power, to import sushi, a slice of raw fish on top of a chunk of rice, from the plant.

Mr. Matsumoto could not be reached for comment. His plan had attracted widespread attention in Japan because it circumvented Japan's near-total

ban on imports of rice. Customs officials approved a small trial shipment of sushi earlier this month as a "processed fish food."

Japan permits imports of processed food containing rice if other ingredients constitute at least 20 percent of the total weight.

Meanwhile, the new Sushi Boy management may import sushi from another company-owned plant in the United States, Mr. Nakamura said.

But he declined to disclose the plant's location and said Sushi Boy had not decided how and whether to proceed with the imports.

Mr. Nakamura, who said he was running Sushi Boy until a new president was chosen, accused Mr. Matsumoto of jumping the gun by announcing a large-scale import plan before he was ready. He also said Mr. Saio faced charges of illegally importing beef in Osaka and Kobe.

Kyodo quoted Mr. Matsumoto as saying he would sell imported sushi, originally intended for the 44 Sushi Boy restaurants, to supermarkets on a wholesale basis.

### CURRENCY & INTEREST RATES

Rate	Oct. 27	Oct. 26
London	1.52	1.51
Paris	1.48	1.47
Frankfurt	1.45	1.44
Geneva	1.42	1.41
Stockholm	1.38	1.37
Osaka	1.35	1.34
Seoul	1.32	1.31
Manila	1.28	1.27
Delhi	1.25	1.24
Bombay	1.22	1.21
Calcutta	1.18	1.17
Colombo	1.15	1.14
Madras	1.12	1.11
Hyderabad	1.08	1.07
Bangalore	1.05	1.04
Chennai	1.02	1.01
Coimbatore	0.98	0.97
Madurai	0.95	0.94
Tiruchirappalli	0.92	0.91
Vellore	0.88	0.87
Chennai	0.85	0.84
Coimbatore	0.82	0.81
Madurai	0.78	0.77
Tiruchirappalli	0.75	0.74
Vellore	0.72	0.71
Chennai	0.68	0.67
Coimbatore	0.65	0.64
Madurai	0.62	0.61
Tiruchirappalli	0.58	0.57
Vellore	0.55	0.54
Chennai	0.52	0.51
Coimbatore	0.48	0.47
Madurai	0.45	0.44
Tiruchirappalli	0.42	0.41
Vellore	0.38	0.37
Chennai	0.35	0.34
Coimbatore	0.32	0.31
Madurai	0.28	0.27
Tiruchirappalli	0.25	0.24
Vellore	0.22	0.21
Chennai	0.18	0.17
Coimbatore	0.15	0.14
Madurai	0.12	0.11
Tiruchirappalli	0.08	0.07
Vellore	0.05	0.04
Chennai	0.02	0.01
Coimbatore	0.00	0.00
Madurai	0.00	0.00
Tiruchirappalli	0.00	0.00
Vellore	0.00	0.00
Chennai	0.00	0.00
Coimbatore	0.00	0.00
Madurai	0.00	0.00
Tiruchirappalli	0.00	0.00
Vellore	0.00	0.00
Chennai	0.00	0.00
Coimbatore	0.00	0.00
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Coimbatore	0.00	0.00
Madurai	0.00	0.00
Tiruchirappalli	0.00	0.00
Vellore	0.00	0.00
Chennai	0.00	0.00
Coimbatore	0.00	0.00
Madurai	0.00	0.00
Tiruchirappalli	0.00	0.00
Vellore	0.00	0.00
Chennai	0.00	0.00
Coimbatore	0.00	0.00
Madurai	0.00	0.00
Tiruchirappalli	0.00	0.00
Vellore	0.00	0.00
Chennai	0.00	0.00
Coimbatore	0.00	0.00
Madurai	0.00	0.00

MARKET DIARY

Dollar Closes Mixed But Luster Remains

Bloomberg Business News

NEW YORK — The dollar closed mixed against major currencies but weakened against the Deutsche mark as Bundesbank officials dampened expectations of a German interest rate cut this week and as the United States produced conflicting economic signals, traders said.

"There's been a whole raft of Bundesbank members speaking this week and they're clearly trying to deflate expectations of a rapid easing," said George Magnus, economist at S.G. Warburg.

GROWTH: U.S. Shows Strength

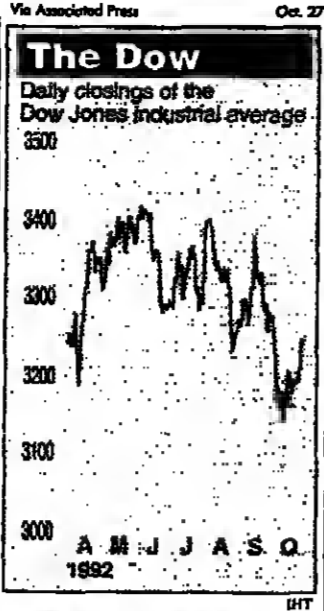
(Continued from first finance page) for Mr. Bush also drained away some of the worries that inflation would return if Bill Clinton, the Democratic candidate, sweeps into office with a mandate to revive the U.S. economy with a deficit spending. These fears have lowered bond prices and raised the securities' yields all month.

from military spending, which increased \$6.4 billion during the summer. Lacy Hunt of HSBC Holdings flatly called this "electioneering-related," but Mr. Resler explained that the Pentagon probably rushed to spend whatever appropriations it had left in the final quarter of the fiscal year before the new budget, which starts Oct. 1, cuts defense spending — no matter who is elected.

U.S. Blue Chips Falter

American stock prices fell Tuesday, although above the day's lows, on the slump in consumer confidence, Bloomberg Business News reported from New York.

The Dow Jones industrial average fell 8.38, to 3,235.73; it had been down as much as 20 points. Decliners edged past advances on the New York Stock Exchange. Trading was active, with about 203 million shares changing hands, up from 188 million on Monday.



The Dow Jones Industrial Average

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including RJR Nab, IBM, and others.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including Intel, Microsoft, and others.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including Apple, Oracle, and others.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including Sun, Netscape, and others.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including Amazon, eBay, and others.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including Yahoo, eToys, and others.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Active stocks including Home Depot, Wal-Mart, and others.

Table titled 'Dow Jones Averages' showing various market indices like S&P 500, NYSE, etc.

Table titled 'Standard & Poor's Indexes' showing various market indices.

Table titled 'NYSE Indexes' showing various market indices.

Table titled 'NASDAQ Indexes' showing various market indices.

Table titled 'AMEX Stock Index' showing various market indices.

Table titled 'Dow Jones Bond Averages' showing various market indices.

Table titled 'Market Sales' showing various market indices.

Table titled 'N.Y.S.E. Odd-Lot Trading' showing various market indices.

Table titled 'S&P 100 Index Options' showing various market indices.

Table titled 'Amex Diary' showing various market indices.

Table titled 'NASDAQ Diary' showing various market indices.

Table titled 'NYSE Diary' showing various market indices.

Table titled 'EUROPEAN FUTURES' showing various market indices.

Table titled 'Food' showing various market indices.

Table titled 'Metals' showing various market indices.

Table titled 'Financial' showing various market indices.

Table titled 'Industries' showing various market indices.

Table titled 'Grains' showing various market indices.

Table titled 'Wheat (CBT)' showing various market indices.

Table titled 'Wheat (ICBT)' showing various market indices.

Table titled 'Corn (CBT)' showing various market indices.

Table titled 'Corn (ICBT)' showing various market indices.

Table titled 'Soybean Meal (CBT)' showing various market indices.

Table titled 'Soybean Meal (ICBT)' showing various market indices.

Table titled 'BRENT CRUDE OIL (IPE)' showing various market indices.

Table titled 'Stock Indexes' showing various market indices.

Table titled 'Spot Commodities' showing various market indices.

Table titled 'Dividends' showing various market indices.

Table titled 'STOCK SPLIT' showing various market indices.

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WORLD STOCK MARKETS

Large table showing world stock markets for various cities including Amsterdam, Brussels, Frankfurt, London, Milan, Sao Paulo, Singapore, Zurich, and Tokyo.

GATT: EC Official Assails Delors

(Continued from first finance page) said they were strongly interested in a GATT accord, they still appeared reluctant to press France to the wall to accept an agreement.

U.S. FUTURES

Table showing U.S. futures markets for various commodities like wheat, corn, soybeans, and oil.

Zenith to Cut Jobs Following Loss

CHICAGO (AP) — Zenith Electronics Corp. said Tuesday it plans to reduce its salaried work force in the United States by 15 percent in an effort to cut operating expenses.

RJR-Nabisco's Earnings Zoom 48%

NEW YORK (AP) — RJR Nabisco Holdings Corp. reported a 48 percent increase in third-quarter profits Tuesday, even as the company took a \$70 million charge to reduce its debt.

Xerox Earnings Short of Forecasts

STAMFORD, Conn. (UPI) — Xerox Corp., in a disappointment to Wall Street, reported Tuesday third-quarter earnings of \$135 million, or \$1.18 a share, up 11 percent from earnings of \$121 million, or \$1.06 a share, in the comparable period a year ago.

USX Net Tumbled 64% in Quarter

PITTSBURGH (Bloomberg) — USX Corp. said Tuesday that its third-quarter net income fell 64 percent, reflecting weaker earnings by its USX-Marathon Group oil and gas unit and a loss by its U.S. Steel Group.

Mesa Seeks to Restructure Its Debt

WASHINGTON (Bloomberg) — Mesa Inc. asked its bondholders Tuesday to forgive more than \$250 million in interest payments over the next three years to help the company regain access to capital markets and meet other obligations.

PepsiCo Plans 4th-Quarter Charge

WASHINGTON (Bloomberg) — PepsiCo Inc. will take a charge in the fourth quarter to cover its management reorganization plan, according to Securities and Exchange Commission documents.

For the Record

Grupo SIT, a Mexican telecommunications company said Tuesday it had filed seeking more than \$490 million from American Telephone & Telegraph Co. and Harris Corp., alleging that the U.S. companies sold it obsolete telecommunications equipment.

Large table titled 'U.S. / AT THE CLOSE' showing various market indices, commodity prices, and financial data.

Vertical advertisement on the right edge of the page, partially cut off, mentioning 'Cuts' and 'Million'.

# Paribas Cuts Ciments Français Price by 500 Million Francs After Scandal

Compiled by Our Staff From Dispatches

PARIS — Paribas said Tuesday it had agreed to the sale price of its Ciments Français subsidiary 30 million francs (\$96 million) to compensate for the scandal, on Tuesday reported a net loss of 500 million francs, compared with a profit of 113 million francs a year earlier.

The deal was called into question earlier this month as an audit by Italcement found that Ciments Français had made payments to financial intermediaries without telling its board or auditors.

Ciments Français, whose first-half results had been reported as a profit of 113 million francs, reported an extraordinary loss of 500 million francs, comprising 404 million francs from financial transactions and 251 million francs from capital losses. The deals largely involved holding shares in other companies at a time when stock prices were weak.

Ciments Français found itself paying to hold the shares, whose value had shrunk.

To bridge the gap left in Ciments Français' cash balance by the affair, Italcement and Paribas said they would each lend the company 300 million francs.

And, according to the financial daily Les Echos, Paribas will take on part of the cement maker's liabilities, of which a large part is linked to its 32.9 percent-held public works company Guinot.

Bourse authorities are investigating Guinot's ties to Ciments Français. Les Echos has reported that the company had an accord for the parking of the stock of third party companies that Ciments Français eventually wanted to acquire. Guinot has denied such links.

Paribas shares dropped 12.50 francs, to 330.50 francs, on the Paris Bourse amid fears that the company's 800 million franc capital gain from the sale of the Ciments stake would evaporate. Ciments Français shares slid 29 francs, to 290 francs.

Paribas has not had much luck with its consent to a subsidiary. It had hoped to cut its holding to 20 percent through a rights issue in July, but was stuck with 34 percent because of poor market conditions.

(Reuters, AFP, Bloomberg)

# U.K. Industry Outlook Gloomy

Compiled by Our Staff From Dispatches

LONDON — British industry, in the grips of the longest recession since the 1930s, is still deeply depressed about economic prospects, business leaders said on Tuesday.

A grim report by the Confederation of British Industry, the main employers' group, said manufacturing output had continued to fall in the three months to the end of October, the 11th successive quarterly decline. The CBI said the trend was expected to continue.

Confidence of British industry leaders also declined sharply during the quarter, during which the pound was devalued, making export prices more competitive, the report said.

"Manufacturing industry is clearly very depressed and there is little sign of an increase in activity, with conditions remaining difficult both at home and abroad," said David Lees, head of the group's economic affairs committee.

The report provided only a small measure of comfort for the embattled Conservative government of Prime Minister John Major, who has come under fire from his party over relations with Europe and controversial coal mine closures.

The survey showed that optimism about export prospects picked up after Mr. Major pushed the pound out of the exchange-rate mechanism in mid-September. Since then, the pound has fallen by 13 percent against the Deutsche

## EC Launches Lloyd's Inquiry

BRUSSELS — The European Commission said Tuesday it has launched an investigation into charges of irregularities and inadequate supervision at Lloyd's of London, the world's biggest insurance syndicate.

Officials at the EC Commission said a 100-page complaint had been submitted by a group of Lloyd's members, the people who underwrite Lloyd's losses or share in its profits. The complaint alleges that Lloyd's, which has a monopoly on individual underwriting in Britain, has broken EC competition rules by failing to regulate the market.

Many names face huge losses under a system in which they accept unlimited liability on their property as a condition to joining the underwriting syndicates that make up Lloyd's.

horizon is renewed optimism about export prospects," Mr. Lees said.

Weakness in the economy was expected to revive speculation about another interest-rate cut from the present 8 percent.

British industry's investment intentions have weakened to their lowest level since July 1991 and employment is expected to fall sharply, the survey showed.

Of the heads of 1,300 companies questioned, 26 percent expected their output to fall during the next four months. This was seven points higher than the 19 percent who were optimistic.

This measure of confidence had shown a positive balance of five points in April after the Conservative government unexpectedly won the general election, but showed a negative balance of three points in July.

The rating for investment plans was at the lowest point since July 1991 and a majority of companies said they expected the amount of orders booked to fall by February.

Half of those questioned said that they had reduced the number of their employees since June and half said they would do so during the next four months.

The two areas of hope concerned inflation and exports. Of those questioned, 35 percent said that they were optimistic about the outlook for exports as a consequence of devaluation. Only 15 percent said that they were pessimistic.

(Reuters, AFP)

## Investor's Europe

Frankfurt DAX 1992	London FTSE 100 Index 1992	Paris CAC 40 1992
1900	2800	2100
1800	2700	2000
1700	2600	1900
1600	2500	1800
1500	2400	1700
1400	2300	1600
M J J A S O	M J J A S O	M J J A S O

Exchange	Index	Tuesday Close	Prev. Close	% Change
Amsterdam	CBS Trend	104.80	104.50	+0.29
Brussels	Stock Index	5,472.21	5,493.68	-0.39
Frankfurt	DAX	1,533.77	1,542.49	-0.57
Frankfurt	FAZ	603.39	604.11	-0.12
Helsinki	HEX	715.48	710.16	+0.89
London	Financial Times 30	1,978.50	1,976.20	+0.12
London	FTSE 100	2,669.80	2,661.60	+0.31
Madrid	General Index	198.74	200.02	-0.64
Milan	MIIB	833.00	825.00	+0.97
Paris	CAC 40	1,774.48	1,770.74	+0.21
Stockholm	Affarsvaeriden	818.76	814.91	+0.47
Vienna	Stock Index	369.30	368.02	+0.35
Zurich	SBS	645.20	646.10	-0.14

Sources: Reuters, AFP International Herald Tribune

## Russia in Appeal on Debt Repayment

MOSCOW — Russia can repay only a fraction of its billion in foreign debt that comes due in 1992 and 1993, a government official said Tuesday. He appealed creditors to take account of the country's economic situation.

Russia can repay only \$2 billion to \$2.5 billion of \$20 billion it was scheduled to repay in 1992, the foreign economic relations minister, Pyotr Aven, said in a speech carried by the Interfax news agency.

Next year, the government will be able to pay no more than \$3 billion of the \$30 billion owed, he said.

Mr. Aven made his gloomy prediction hours before leaving for Wednesday's meeting of the Paris Club of creditor nations, where Russia plans to seek a two-month delay in 1992 debt payments.

It coincided with another plunge in the ruble to a record low of 393 to the dollar, and with the release of preliminary figures showing industrial production down 28 to 29 percent in September over last year.

## Very briefly:

- Hershey Foods Corp. accepted Philip Morris Co.'s tender offer for its 18.4 percent stake in the Scandinavian chocolate maker Frela Marsborg A/S and withdrew its own offer, sealing the \$1.5 billion takeover by Philip Morris.
  - TI Group PLC said Tony Edwards, most recently with Lucas Industries, would become chief executive of its Dowty Group subsidiary effective Nov. 16, succeeding Sid Taylor, who will now be responsible for TI's worldwide manufacturing and technology businesses.
  - The Lebanese central bank slashed prime lending rates from a record 60 percent to 27 percent in an effort to resurrect its war-shattered economy.
  - The International Monetary Fund and Egypt will sign a new economic reform agreement on schedule next month, Prime Minister Atef Sedki said in published remarks.
  - Procter & Gamble, the Swedish pharmaceutical conglomerate, said it had launched a 20 billion lire (\$15 million) bid for all the shares in the Italian company Ferrel, in which it already controls more than 70 percent.
  - Arbel SA, the French car and railroad parts maker, said its first-half consolidated attributable net profit fell 65 percent to 30.6 million French francs (\$3.8 million).
  - The British government is to defer payments due to it totaling £100 million (\$157 million) from the pension funds of the employees of the late Robert Maxwell.
- (Bloomberg, Reuters, AFP)

## MEDIA: Futurist Sees Consumers Tuning Out TV and Radio Commercials

Mr. Snider takes hold depends largely on the technology. He said that current interactive devices such as the Minitel videotex service in France or a U.S. equivalent, Prodigy, a joint venture of IBM and Sears, Roebuck & Co., were slow and cumbersome.

"If everyone could react and use high technology as it is presented to them, then, marvelous," he said. "But in the real marketplace, I don't think that necessarily happens."

Mr. Snider said the break between advertising and editorial or entertainment content in television already has occurred to some extent in the way that people use their remote controls or video recorders to avoid commercials. And as the television industry moves away from broadcast to cable and satellite it can more easily charge viewers directly for services and less on advertisers.

In an article for the The Futurist magazine, the journal of the World Future Society in Bethesda, Maryland, Mr. Snider writes, "Once media become interactive and consumers can separate the advertising from the editorial components of media, this system of advertising-financed media will collapse."

Where the industrial age created buyers and sellers by separating production and consumption, the information age will bring a second and equally profound division of labor. This time, he says, it will involve "the separation of those who supply products from those who provide information about them."

One consequence of his predictions, Mr. Snider said, is that there will be less business for retailers, with the exception of local stores willing to provide a high level of service. Mail order companies will suffer, he thinks, because people will deal directly with manufacturers and eliminate the middleman.

Another consequence, he said, may be a decline in the importance of brand names, because people will buy on the basis of what they know about a product rather than on its image.

Richard Corner, executive director of the International Advertising Association, said he doubted that traditional advertising media would disappear, partly because technology promises things it cannot fulfill.

"The point I am making is that advertising-financed media will become a much smaller part of the media and advertising mix," said Mr. Snider, who wrote case studies at the Harvard Business School and worked as a researcher for the Consumers Union and the Congressional Clearinghouse on the Future, a congressional research group, before becoming an independent author.

## French Business Urges Shift To Anti-Recession Policy

PARIS — French business leaders are "highly pessimistic" about the outlook during the next few months, the INSEE official statistical institute said in a monthly report published on Tuesday.

Meanwhile, the Economic and Social Council, which groups business and union representatives, said the government's policy of disinflation should be eased. The council said the forecast in the government's budget for 1993 of 2.6 percent growth was "sharply more optimistic" than those of most forecasting institutes.

The INSEE study, carried out among 3,300 business leaders in October just after the period of turbulence on currency markets, also found that a majority also believed that the outlook for their own companies was unfavorable.

Joseph Bidegain, a leading official of the Economic and Social Council, said that social unrest could cost more "than a little more inflation" and that the economy could not wait for recovery in 1993 since it had been kept waiting throughout 1992.

The country could not stand idly by "while some begin to talk of a 1929 crisis" and "one must know when it is time to change policy" because "disinflation can lead to deflation and deflation to recession," he said.

The council urged the government to act quickly to convince all members of the European Community of the "absolute necessity" of a coordinated plan to boost the economy.

This should be achieved through support for housing and public works through the use of loans for roads and urban transport, the council said.

(AFP, Reuters)

## GM: A Warning Flag for Executives

who can be counted on to support management's wishes.

Even outside directors — those who don't hold a job at the company and who in theory can be more independent than inside directors — often have been willing to bow to a chairman's desires when it came to business strategies, executive pay, and ignoring shareholder demands.

The GM action "sends a message to all corporate directors that this is the hands-on way they should be doing their job," said Peg O'Hara, spokeswoman for the Investor Responsibility Research Center, an independent research group on corporate management issues.

According to those familiar with the GM situation, the shareholder movement at the automaker reached the point at which it could no longer be ignored in early 1990. That is when Mr. Regan's group and the California Public Employees Retirement System, the nation's largest public pension fund, sent letters to the GM board asking for information on how it planned to pick a successor to Roger B. Smith, then the GM chairman.

The board didn't respond directly, Mr. Regan said, but issued a

public statement that "amounted to telling us to buzz off."

But with losses and layoffs mounting at the company, the pension funds' message wasn't lost on everyone.

Ira Millstein, a New York attorney, counseled GM's outside directors that they had better be more active or face the prospects of legal action and public embarrassment, said John Nash, president of the National Association of Corporate Directors.

That resulted in a series of moves by the board, including the demotion of the GM president, Lloyd E. Reuss, in April.

The GM board still isn't off the hook, though. Many institutional shareholders and corporate management experts were asking Monday, as Mr. Nash did, "Where's the board been for the last 10 years?"

Jay W. Lorsch, a Harvard University business professor, said there was no question that pressure was building on boards, but he was less optimistic than other specialists that GM's action will be copied widely soon.

He said most directors were not worried about legal troubles, but about protecting their reputations.

## Benetton to Manufacture in Mexico

MILAN — Benetton SpA, the Italian clothing manufacturer and retailer, has formed a production joint venture in Mexico, it said Tuesday.

Under the agreement, 50 percent of a trading subsidiary, Benetton Mexico SA, will be acquired by the Martinez family, whose interests make up one of the top 10 textile groups in the country, whose interests make up one of the top 10 textile groups in the country.

Benetton Mexico will start production at a factory in Guadalajara in the spring or summer of 1993, and first-year sales are expected to reach \$17 million, the company said. The factory will be producing for the Mexican and North American markets.

## NYSE Tuesday's Closing

Tables include the nationwide prices up to 4:00 p.m. closing on Wall Street and do not reflect trades elsewhere. Via The Associated Press

(Continued)

Symbol	Price	Change
IBM	100 1/4	+1/4
Microsoft	34 1/2	+1/2
Apple	42 1/2	+1/2
Oracle	28 1/2	+1/2
Novell	24 1/2	+1/2
Lotus	18 1/2	+1/2
Intuit	14 1/2	+1/2
Visa	10 1/2	+1/2
MasterCard	8 1/2	+1/2
AmEx	6 1/2	+1/2
Discover	4 1/2	+1/2
Bank of America	24 1/2	+1/2
Wells Fargo	20 1/2	+1/2
Citigroup	16 1/2	+1/2
JPMorgan	12 1/2	+1/2
Goldman Sachs	8 1/2	+1/2
JP Morgan Chase	4 1/2	+1/2
Bank One	2 1/2	+1/2
First Union	1 1/2	+1/2
Wachovia	1 1/2	+1/2
Bank of New York	1 1/2	+1/2
Bank of Montreal	1 1/2	+1/2
Bank of Toronto	1 1/2	+1/2
Bank of the West	1 1/2	+1/2
Bank of the South	1 1/2	+1/2
Bank of the Midwest	1 1/2	+1/2
Bank of the North	1 1/2	+1/2
Bank of the East	1 1/2	+1/2
Bank of the West	1 1/2	+1/2
Bank of the South	1 1/2	+1/2
Bank of the Midwest	1 1/2	+1/2
Bank of the North	1 1/2	+1/2
Bank of the East	1 1/2	+1/2

## NYSE High-Lows

Symbol	High	Low
IBM	100 1/4	99 3/4
Microsoft	34 1/2	33 1/2
Apple	42 1/2	41 1/2
Oracle	28 1/2	27 1/2
Novell	24 1/2	23 1/2
Lotus	18 1/2	17 1/2
Intuit	14 1/2	13 1/2
Visa	10 1/2	9 1/2
MasterCard	8 1/2	7 1/2
AmEx	6 1/2	5 1/2
Discover	4 1/2	3 1/2
Bank of America	24 1/2	23 1/2
Wells Fargo	20 1/2	19 1/2
Citigroup	16 1/2	15 1/2
JPMorgan	12 1/2	11 1/2
Goldman Sachs	8 1/2	7 1/2
JP Morgan Chase	4 1/2	3 1/2
Bank One	2 1/2	1 1/2
First Union	1 1/2	1 1/2
Wachovia	1 1/2	1 1/2
Bank of New York	1 1/2	1 1/2
Bank of Montreal	1 1/2	1 1/2
Bank of Toronto	1 1/2	1 1/2
Bank of the West	1 1/2	1 1/2
Bank of the South	1 1/2	1 1/2
Bank of the Midwest	1 1/2	1 1/2
Bank of the North	1 1/2	1 1/2
Bank of the East	1 1/2	1 1/2

## GM: A Warning Flag for Executives

(Continued from page 1)

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## NCA FUND

2, boulevard Royal L-2952 Luxembourg  
R.C. Luxembourg B - 27925

Notice is hereby given to the shareholders, that the Annual General Meeting of Shareholders of NCA FUND will be held in the offices of Banque Internationale à Luxembourg, Société Anonyme, 2, bd Royal, Luxembourg, on November 5, 1992 at 3.00 p.m. with the following agenda:

1. Submission of the Report of the Board of Directors and of the Auditor.
2. Approval of the Statement of Net Asset and of the Statement of Operations as at June 30, 1992; appropriation of the results.
3. Discharge to the Directors.
4. Statutory Appointments
5. Miscellaneous.

The shareholders are advised that no quorum is required for the items on the agenda of the Annual General Meeting and that decisions will be taken on a simple majority of the shares present or represented at the meeting.

In order to attend the meeting of NCA FUND the owners of bearer shares will have to deposit their shares five clear days before the meeting at the registered office of the Company or with

Banque Internationale à Luxembourg  
2, boulevard Royal  
L - 2953 Luxembourg

THE BOARD OF DIRECTORS

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**World Monetary Crisis**  
**Slaughter in Sarajevo**  
**Mideast Peace Talks**  
**Maastricht Ratification**  
**Reform in China**

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Italy	1,800	1,900	950
Spain	45,000	47,000	24,000
Sweden	230	240	120
Switzerland	450,000	475,000	250,000
Netherlands	13,000	14,000	7,000
Norway	2,100	2,200	1,100
Portugal	3,500	3,600	1,800
Finland	45,000	47,000	24,000
Spain	45,000	47,000	24,000
Sweden (incl. Post)	2,300	2,400	1,200
Switzerland (incl. Post)	3,300	3,400	1,700
Switzerland	3,300	3,400	1,700
Switzerland	3,300	3,400	1,700
Rest of Europe, N. Africa, Israel	630	—	345
Rest of Europe, Middle East	780	—	420
Rest of Africa	900	—	495

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# Japan Electronics: Lights Out Main Manufacturers Suffer Steep Profit Fall

**Compiled by Our Staff From Dispatches**

**TOKYO**—Five of Japan's most powerful high-technology companies on Tuesday announced steep profit declines in the six months to September and a sixth, Fujitsu Ltd., plunged into loss for the first time.

The aggregate drop in pretax profit for the six companies, ranging from the world's largest consumer electronics concern to the global leader in computer chips, came to 54.9 percent. In addition to Fujitsu, they are Matsushita Electric Industrial Co., Hitachi Ltd., NEC Corp., Toshiba Corp., and Mitsubishi Electric Corp.

Despite the big fall, stock investors were pleased with the result, because the drop in profits was slightly less than the 60.3 percent decline forecast by Toyo Keizai, a financial information service. The earnings reports sparked a rise in each company's share price, in turn spurring a 1.02 percent rally in the Nikkei average, which closed up 173.93 points at 17,185.26.

The six said they expected pretax profit to decline by only 5.9 percent in the second half of the business year, which ends March 31, partly as a result of cost-cutting measures they plan to take.

Fujitsu, the world's second-biggest computer maker, suffered a consolidated pretax loss of 7.5 billion yen (\$63 million), a reversal from the group profit of 30.9 billion yen in the year-earlier period. Parent profit, which was all that was reported by the other five, fell 86 percent to 4.4 billion yen.

In remarks echoed by the five other companies, Fujitsu blamed "the worldwide economic slow-

down, lower margins due to intensified competition, prolonged sluggishness in the semiconductor field and the appreciation of the yen."

Fujitsu said it would shift more production offshore to counter the adverse effects of the strong yen.

The consumer electronics giant Matsushita Electric Industrial Co. said its pretax earnings were cut by 51 percent to 53.2 billion yen while revenue dropped 7 percent to 2.29 trillion yen. The maker of National and Panasonic brand products blamed lower sales, increased capital investment depreciation and the adverse impact of a stronger yen.

Matsushita will cut the salaries of its senior executives by 10 percent from now until March.

Hitachi Ltd., the big electrical machinery maker, suffered a 53 percent profit plunge to 37.5 billion yen as revenue slipped 6 percent to 1.9 billion yen.

Hitachi said it would increase the number of contracts denominated in yen to counter the effects of currency rate changes.

NEC's profit plummeted 71 percent from a year earlier to 15.1 billion yen as sales dropped 7 percent to 1.36 trillion yen. The company will reduce staff by 15 percent.

Toshiba's parent profit fell 39.9 percent from a year earlier to 23.4 billion yen. The company, which also suffered a 1.2 percent fall in sales to 1.52 billion yen, blamed "worldwide stagnation in such high-tech electronics as semiconductors, computers and audio-visual" products.

Mitsubishi Electric's profit tumbled 73.7 percent to 12.3 billion yen. (AFP, Bloomberg)

# Hutchison's Li Affirms Telecom Plan in U.K.

**Compiled by Our Staff From Dispatches**

**HONG KONG**—The chairman of the Hong Kong conglomerate Hutchison Whampoa Ltd., Li Ka-shing, denied Tuesday that his company intended to abandon controversial plans to invest in a telecommunications network in Britain.

"To further clarify the position with regard to the company's United Kingdom operations in telecommunications," Mr. Li said in a statement, "it is our firm intention to continue to support this investment."

He said the "main ongoing costs" would be in the development of Britain's nationwide personal communications network.

The statement follows appeals by the stock exchange for Hutchison Whampoa to clarify its position on the future of its British subsidiary after days of uncertainty since the company announced that it was halting overseas expansion of its telecommunications business.

A statement late last week by the Hutchison Whampoa group managing director, Simon Murray, denying that the British subsidiary would be affected, failed to dispel uncertainty.

Last weekend, Mr. Li said the group would not make any further

investments in new telecommunications businesses overseas. Instead, he said, it would concentrate on its principal and profitable telecommunications operations in Hong Kong with a view to expansion into China.

He also said that some of the group's smaller loss-producing operations in its fringe telecommunications businesses would be closed and that there would be a critical review of the overhead structure required to run the more focused Hutchison telecommunications business.

On Monday, Hutchison fired the majority of the staff and management at the head office of its Hutchison Telecommunications subsidiary in Hong Kong.

The weekly Far Eastern Economic Review reported last week that Mr. Li had told Hutchison executives on Oct. 20 that he would either sell or close its telecommunications operations in Southeast Asia, Australia, Britain and Europe before the end of the year.

Analysts have criticized plans for Hutchison Telecom Ltd., which is 65 percent-owned by Hutchison Whampoa, to invest \$300 million (\$126 billion) in the British network.

Charles Cullidge, investment analyst at Crosby Research, predicted that Hutchison would fail to recoup the anticipated returns on the project and expected the company's share price to fall on Wednesday.

Mr. Li released his statement after the local market's close Tuesday. (AFP, Reuters, Bloomberg)

# BAe Venture With Taipei to Be U.K.-Based

**Bloomberg Business News**

**TAIPEI**—Denny Ko, president of Taiwan Aerospace Corp., said Tuesday that the head office for the company's planned \$500 million joint venture with British Aerospace PLC was likely to be in Britain.

Mr. Ko, in an interview, said agreement was expected to be reached before the end of the year on the venture to jointly design, manufacture and market regional aircraft.

Under the agreement, BAe would spin off its regional aircraft business into a new company, 50 percent of which would be purchased by Taiwan Aerospace for between \$200 million and \$250 million.

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Investor's Asia				
Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225	Tuesday Close	% Change
6500	1600	22500	6,218.01	+2.57
6000	1500	20000	1,366.47	+1.79
5500	1400	17500	1,450.70	-0.87
5000	1300	15000	17,185.26	+1.02
4500	1200	12500	633.32	+0.52
4000	1100	10000	908.46	-0.58
3500	1000	7500	584.10	+0.23
3000	900	5000	3,847.97	-0.40
2500	800	2500	1,322.14	+0.06
2000	700	1000	308.25	-0.05
1500	600	500	1,383.44	-0.18
1000	500	250	1,314.70	-2.22

Sources: Reuters, AFP  
International Herald Tribune

# Hata Insists Taxpayers Won't Bail Out Banks

**Bloomberg Business News**

**TOKYO**—Finance Minister Tsutomu Hata assured Japanese on Tuesday that public money will not be used to bail out the nation's troubled banks.

But analysts said the size of the bank's problems makes it likely that sooner or later the government will have to put up taxpayer money.

Unlike the Resolution Trust Corp. in the United States, which is using public money to bail out firms, Japan's banks will themselves have to put

up the money to dispose of unwanted real estate, Japanese bankers and government officials say.

"Japanese financial institutions should overcome the bad debt situation on their own," Mr. Hata said at a news conference.

After months of discussion, government and banking industry officials say they are nearly ready to unveil the framework of the institution, which will relieve banks of at least part of a mountain of nonperforming real estate assets.

Government officials insist that public funds will not be used to rescue private lending institutions. Industry analysts warn, however, that

the 2 to 3 trillion yen (\$16 billion to \$24 billion) the banks propose as total initial funding for the institution for the year to December 1993 will fall far short of the amount needed to complete the bank bailout.

**S&P Frowns on Sanwa, Sumitomo**

Standard and Poor's Asia Ltd. said Tuesday that it had placed the credit ratings of Sanwa Bank Ltd. and Sumitomo Bank Ltd., two of Japan's biggest banks, on credit watch with negative implications, Agence France-Press reported.

# Why Mazda Decided to Apply the Brakes

**By Andrew Pollack**  
*New York Times Service*

**TOKYO**—The decision this week by Mazda Motor Corp. to sharply scale back its efforts to enter the luxury automobile market is one of the most significant yet in a retrenchment by Japan's automobile companies, which are struggling to cut costs because of weak vehicle sales at home and abroad.

Losses or sagging profits have caused some companies to delay new-model introductions and to curtail the varieties in their product lines.

Mazda is "kind of pulling in its horns for a while," said Ben Moyer, automobile analyst at Merrill Lynch Japan. "They've extended themselves too far."

Mazda has been criticized by analysts for trying to do too much. In an effort to keep up with Toyota and Nissan, its larger competitors, it has vastly increased its number of models in the last few years. It has also set up five separate distribution channels in Japan.

Mazda said Monday that it would abandon plans to set up a separate dealer network in the United States and Canada to sell new high-end vehicles. It also said it would stop work on one of the two luxury cars it has been developing for sale in North America.

Mr. Moyer said: "The expense of setting up a new distribution channel at this time will be too burdensome for them."

The Hiroshima-based company had hoped its new Amati brand would take its place alongside Toyota's Lexus, Nissan's Infiniti and Honda's Acura, the three Japanese luxury nameplates that have been gaining in a market segment long associated with European names like Mercedes-Benz and BMW.

Mazda, which announced the formation of its new Amati nameplate in August 1991, had already recruited 67 dealers in the United States and 15 in Canada to sell the cars, which had been expected to reach the market in the spring of 1994.

After a 65 percent drop in profit in the last business year, Mr. Moyer projects that Mazda, on a consolidated basis, will post a net loss of 3 billion yen (\$25 million) in the financial year that ends in March.

Another reason Mazda cited for its decision is that the luxury car market in the United States is weaker than expected. In addition, the yen's strength against the dollar makes it harder for Japanese products to compete in the United States.

The company did not say how much it ex-

pected to save from the moves. But Takaharu Kobayakawa, general manager of corporate communications at the company, had not yet invested heavily for machinery and tools to produce the model that is being canceled.

Mazda had never released many details about the two Amati models. The larger one, which is being killed, was intended primarily for the United States and Canada and was expected to compete with the Lexus LS 400 and Infiniti Q45 luxury sedans. Some rumors and press reports have said the car was to have had a huge 12-cylinder engine.

The second vehicle, which will also be sold in Japan, is expected to compete with BMW's 535 series. Mazda spokesman said the company will intend to sell this model in the United States but had not decided how to do so. Presumably, the company could use its existing dealer network, which Mazda said it would now seek to strengthen.

Both models were to have been built at the company's factory in Hiro, in western Japan, in which computerized automation allows the production of up to 12 different models on the same assembly line. This flexible manufacturing makes it possible, at least in theory, to produce models in small volumes but realize the cost advantages of mass production.

# U.S. Election Adds To Tokyo Hotel Slump

**Reuters**

**TOKYO**—Tokyo's luxury hotels, already suffering from a domestic economic slowdown, are being further hurt by the effects of an election year in the United States, hotel officials and industry analysts said Tuesday.

"Political and economic exchanges are not notable in a U.S. election year, causing a drop in guests from that country," said Yoshio Owaki, public relations manager at Imperial Hotel Ltd. The Imperial Hotel, where American guests make up about a fifth of the total, suffered a 23 percent drop in Americans in September compared to September 1991.

The Hotel Okura, where Americans account for 30 percent to 35 percent of the occupants, was hit by a 21.4 percent decline in U.S. guests in the same period, said Kazuichi Suwa, Okura's public relations manager.

According to the industrial daily Nikkei Sangyo Shimben, the average occupancy rate at Tokyo's 18 major hotels was 69.8 percent in September, down 14.5 percentage points from the previous year. It was the 10th consecutive month of decline.

Hotel profits are already suffering from the bursting of the late 1980s "bubble economy" of inflated stock and property prices and a newly introduced land tax.

"Corporate demand has dropped and consumers have become more sensitive to price," said Makiko Yamaguchi, analyst at the Wako Research Institute of Economics.

**Hotel Operator Denies Report of Falsified Profits**

The Tokyo hotel operator Gajon Kanko denied a newspaper report on Tuesday that said the company may have falsified its financial statements for the year ended in February 1992, Bloomberg Business News reported.

Speaking at a press conference at the Tokyo Stock Exchange, Gajon Kanko's president, Toshihisa Kono, said the company's auditor was misquoted in a report published in the Nihon Keizai newspaper, Japan's leading financial daily.

- Very briefly:**
- Peregrine Investments Holdings of Hong Kong said it bought 25.6 million shares in Invesco MIM PLC for £19.7 million (\$31.29 million), bringing Peregrine's stake in Invesco up to 14.9 percent.
  - The Hang Seng index closed up 2.6 percent at 6,218.01 after volatile trading in which it regained most of the ground lost on Monday.
  - Oung Te-ming, textile tycoon and chief of the Hmslo group, has appealed his conviction in a share scandal that shook the Taiwan stock exchange; he was sentenced to 42 months in prison earlier this month.
  - Thailand's 1993 budget of \$60 billion (S\$2.4 billion) calls for increases of 29 percent in spending on health, 25 percent on education and 14 percent on the military, and will entail a deficit of 26 billion baht.
  - South Korea recorded a \$50 million trade surplus with China during the first eight months of 1992, after a deficit of \$750 million a year earlier.
  - Credit Lyonnais, which already has offices in Seoul and Pusan, opened another South Korean office in Incheon.
  - Tubemakers of Australia Ltd., the diversified steel products firm in which Broken Hill Pty. owns a major stake, said it planned foreign expansion, particularly in Asia.
  - Western Mining Corp. of Australia's nickel output in the quarter ended Sept. 30 rose 32 percent from the previous quarter to 12,640 metric tons.
  - Singapore Computer Systems Ltd. launched a joint venture with Tandem Computers Inc. of the United States to provide project management and consulting services for Tandem computers in Asia.
- AFP, Bloomberg, Reuters

# Competition Cuts Into SIA Profit

**Compiled by Our Staff From Dispatches**

**SINGAPORE**—Singapore Airlines said Tuesday that intense competition had cut group profit by 22 percent in its first half.

SIA, the most profitable airline until overtaken last year by British Airways, said its performance was also hurt by the weak world economy and the strength of the Singapore dollar.

Pretax profit for the six months ended Sept. 30 totaled \$313 million, down from \$399 million in the year-earlier half.

SIA's stock climbed despite the weaker results, in a rising market. The shares ended up 10 cents at 13.10 dollars (\$8.09). The Straits Times industrials rose 24.44 points, to 1,390.91. (AFP, Bloomberg)

# New Commercial Proposal for Subic

**Agence France-Press**

**MANILA**—A U.S. development and management firm sought Philippine government permission on Tuesday to build a commercial and industrial complex on a peninsula facing the Subic Bay Naval Base.

Corporation for Development & Commerce said it would need between \$5 billion and \$6 billion over a 10-year period to develop light and heavy industry as well as a financial district, and possibly an international airport. The property would have to be leased because the constitution bans foreigners from owning land.

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**CarnaudMetalbox**  
(CMB Packaging)

With 1991 turnover of FRF 25.5 billion, CMB Packaging employs more than 31,000 at 150 factories in 30 countries. CMB Packaging is Europe's leading packaging manufacturer and one of the world's largest companies engaged exclusively in packaging. In order to optimize its strong reputation among its clients, shareholders and partners, who indeed, even after the 1989 merger, still refer to the original Carnaud and Metalbox names, the company will change name. This change, proposed by B. Jørgen Hintz, President of the Directorate, was approved by the shareholders at the Annual General Meeting on 20 May 1992. CMB Packaging is now named CarnaudMetalbox.

**EMC**  
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EMC ranks among the worldwide farming community's leading industrial suppliers and is a major operator in the global market for potash derivatives.

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- animal feed and animal products.

Other businesses include diversified services in agronomy, engineering, transportation and industrial waste disposal.

Consolidated 1991 Sales: 15.5 billions of French francs.

Chairman of the Executive Board: Rodolphe Grell.

Main subsidiaries:

- MOPA, SCPA, TESSENDERLO CHEMIE, SANDERS, EMC-SERVICES, NORTH-HEAVY SHIPPING, SOGEMA, and their subsidiaries.

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**ESPIRITO SANTO FINANCIAL HOLDING**

ESFH is a holding company whose subsidiaries and affiliates undertake international banking and financial activities in Western Europe, USA and Brazil. ESFH has a majority controlling interest in Banco Espírito Santo e Comercial da Lisboa, a leading Portuguese commercial bank, and in Companhia de Seguros Tranquilidade, a major Portuguese insurance company.

ESFH is quoted in the London and in the Luxembourg stock exchanges. The consolidated earnings of ESFH reached in 1991 a consolidated net profit of US\$35.8 million.

ESFH is indirectly majority owned by members of the Espírito Santo family, which has been engaged in the banking and insurance business for over a century.

**ING GROUP**

The results of Internationale Nederlanden Group for the first half year of 1992 showed a satisfactory increase. Compared with the first half year of 1991 net profit rose by 7.2% from NLG 707 million to NLG 758 million. Profit per share went up by 5.7% to NLG 3.16.

Total assets increased by 5.0% to NLG 312.7 billion. A reasonable growth in business volume and a net profit which will at least equal the 1991 results is expected for the whole of 1992.

**THOMSON-CSF**

Thomson-CSF, a European company with substantial international operations, is one of the world leaders in the design, production and distribution of advanced electronic systems for defense and other civilian applications, such as air traffic control, commercial aircraft simulators, components and information systems. In 1991, Thomson-CSF's consolidated revenues totalled 35.2 billion FF, of which more than 60% were generated outside France.

**ZURICH INSURANCE GROUP**

Zurich Insurance Group operates in 40 countries through branch offices, subsidiaries and affiliated companies. To complete its international service network, Zurich has made arrangements with cooperative partners in more than 40 additional countries. Thus the group is able to offer worldwide coordinated insurance protection and local, on-the-spot claims service—no matter where losses occur. In 1991 the consolidated companies of the Zurich Insurance Group achieved a gross premium income of Sfr. 19.6 billion.

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OBSERVER

Saving Us From Smut

By Russell Baker
NEW YORK — There's a new book out taking the hide off Hollywood. Sex and violence are saturating screens, video as well as silver. You know it. I know it. We all hate it.

you it has a lot of very bad language and some of our customers have complained.
He took the tickets anyhow, and when the cashier said, "Next," I said, "Two for 'Glengarry Glen Ross.'" When I ended I was overwhelmed with outrage at the realization that millions of Americans — almost all of them far less resistant to corruption than I — were being exposed to movies like this.

Beyond the New Wave, The Past Pursues Godard

By Alan Riding
New York Times Service
ROLLE, Switzerland — Listening to Jean-Luc Godard is much like watching his films — jump-cut, non sequiturs, ample philosophizing, occasional intimacies, the odd obsession and no obvious narrative.

"I am always astonished to find people before me who believe they are real," he said. "You see it in places. In first class, you have African ministers and old princesses; they don't look happy. In tourist class, you have people with problems, little money, big bags. But in business class, they're happy. They chat gaily. They really think they exist."



Jean-Luc Godard is used to living on the periphery.

think I'm more like a painter because, even if the film is not understandable, I am choosing the visual. Sometimes there are paintings to be understood, and there are paintings not to be understood.
He relit his cigar. "Look, if you have a Davidoff cigar, you can't pretend everyone has to smoke it, America invented the idea that a movie has to be seen by a lot of people."

PEOPLE

In Japan's Pop Culture, A Marriage of Idols

Japan's best loved sports hero has announced plans to marry the nation's premier sex symbol. The news of the romance between Takahana, a boy-wonder sumo wrestler, and Rie Miyazawa, a wildly popular television actress whose collection of nude photos sold more than a million copies, sent their thousands of fans, and the media, into giddy excitement.

Senator Sam Nunn says those tabloid stories are true — he is a space alien. "I confess," the Georgia Democrat said. "It's amazing I've been able to keep it a secret for 54 years."

Crown Prince Willem Alexander of the Netherlands has been jogging in the North Sea coastal dunes to prepare for the New York marathon. Although the prince, the 25-year-old son of Queen Beatrix, has never run a marathon before, he did skate one, in 1986; the Elfstedentocht, or Eleven Cities Tour, a race of nearly 200 kilometers (125 miles) along frozen canals.

Prince Charles and Diana, Princess of Wales, plan to make the first official visit to South Korea by members of British monarchy. The Seoul government said they would spend four days in the country next week at the invitation of President Roh Tae Woo.

International Classified
Appears on Page 8

Table with weather forecasts for Europe, Asia, Africa, and Oceania. Columns include location, today's high/low, and tomorrow's high/low.

Weather forecast for Thursday through Saturday. Includes a map of the United States and text describing weather patterns across different regions like the North Sea, Midwest, and South.

Table with weather forecasts for Asia, Africa, and North America. Columns include location, today's high/low, and tomorrow's high/low.

CROSSWORD puzzle grid and clues. Includes 'ACROSS' and 'DOWN' sections with numbered clues.

Solution to puzzle of Oct. 27. A grid with words filled in, including AMBS, KELED, TIRAR, NIRO, ENATE, ARTA, etc.

Best Sellers list. Columns include book title, author, and bestseller rank. Includes titles like 'The Tale of the Body Thief' and 'The Way Things Ought to Be'.

GENIUS: The Life and Science of Richard Feynman
By James Gleick. 532 pages. \$27.50. Pantheon.
Reviewed by Christopher Lehmann-Haupt

and on the other side he reveals the Feynman who taught himself to open safes and to pick locks during his spare time in Los Alamos, New Mexico, while leading the computation team on the Manhattan Project.

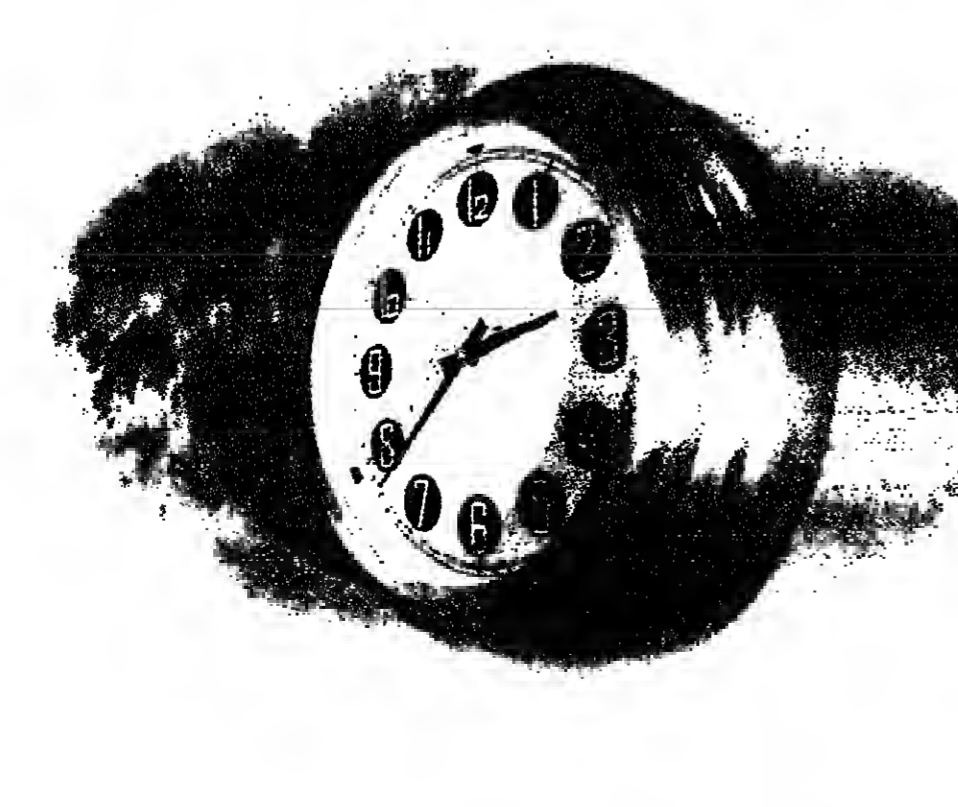
This link was Feynman's highly practical approach to physics. Such an outlook may have had its origins in Feynman's boyhood fear of being thought of as "sissy" for his braininess.

a highly attractive portrait of Richard Feynman, but it also makes for a stimulating adventure in the annals of science. In one of the book's more dramatic episodes, Gleick describes how, during the summer of 1927, after his freshman year at MIT, Feynman and a classmate taught each other all that was known of quantum physics at that time.

cept of individual genius has grown obsolete in a world where the competition has become too stiff, or where, by baseball analogy, there are too many good pitchers to allow anyone to hit .400 anymore.

When Feynman, dying of cancer, was sent an advance copy of the Los Angeles Times's obituary, he thanked the author but declined to read it because to do so "ahead of time" would take "the element of surprise out of it."

Christopher Lehmann-Haupt is on the staff of The New York Times.



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